



# **Standing Financial Instructions**

**April 2024 – March 2025**



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# Section 1: Introduction

## General

### 1.01 Background

These Standing Financial Instructions (“SFIs”) replace all previous instructions and are issued for compliance by all officers of the Common Services Agency, more commonly known as NHS National Services Scotland (and referred to as NHS National Services Scotland or NSS throughout these Standing Financial Instructions) from 1 April 2024.

These SFIs and supporting policies and procedures detail the financial responsibilities adopted by NHS National Services Scotland. Their purpose is to provide sound control of NHS National Services Scotland's financial and related activities and are carried out in accordance with the law and Scottish Government policy. They should be used in conjunction with the Standing Orders and in particular the Schedule of Matters Reserved to the Board and the Scheme of Delegation therein.

All NSS policies referred to in this document can be found on geNSS or the ServiceNow portal.

### 1.02 The purpose of the scheme of control is:

- To ensure the NSS 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 NSS and its expenditure and income, are prepared timeously.
- To protect NSS against the risk of fraud and irregularity.
- To safeguard NSS assets.
- To ensure proper standards of financial conduct are maintained.
- To enable the provision of appropriate management information.
- To ensure that NSS seeks best value from its resources by making proper arrangements to pursue continuous improvement, having regard to economy, efficiency and effectiveness in NSS operations; and
- To ensure that any delegation of responsibility is accompanied by clear lines of control and accountability, together with appropriate reporting arrangements.

NSS shall exercise financial supervision and control by:

- Formulating a financial strategy.
- Requiring the submission and approval of financial plans and budgets within approved allocations and overall income.
- Defining and approving essential features of financial arrangements in respect of procedures and financial systems (including the need to obtain value for money).
- Defining specific responsibilities placed on directors and officers as indicated in the Scheme of Delegation.

### **1.03 Responsibilities & Application of the SFIs**

These SFIs identify the financial responsibilities that apply to everyone working for NSS. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures and any consequent amendments must be approved by the Director of Finance, Corporate Governance and Legal Services.

Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of the Director of Finance, Corporate Governance and Legal Services must be sought before you act.

### **1.04 Compliance**

The Director of Finance, Corporate Governance and Legal Services is responsible for assisting the Chief Executive as Accountable Officer and therefore has ultimate responsibility ensuring that SFIs are in place, up to date and observed in NSS. The responsibilities of the Director of Finance, Corporate Governance and Legal Services as specified in the SFIs may be carried out by such other senior finance officers as he or she might specify.

Members and officers of NSS shall observe these SFIs at all times. Directors shall be responsible for ensuring that the SFIs are made known within the services for which they are responsible and shall ensure they are adhered to.

Any adverse event to these SFIs must, on discovery, be reported immediately to the Director of Finance, Corporate Governance and Legal Services who will discuss the matter with the Chief Executive and/or Director to determine the proper action to be taken. The views of internal audit and/or Counter Fraud Services may also be taken depending on circumstances. Adverse events will be reported to the Finance, Procurement and Performance Committee in line with appendix IV and the SFI reporting framework to be issued to FPPC.

Failure to comply with the SFIs shall be a disciplinary matter.



## 1.05 Variation and Revocation

These SFIs may only be varied or revoked in accordance with the Standing Orders.

## 1.06 Terminology

The following terminology applies throughout these Standing Financial Instructions:

- (a) “Accountable Officer” means the Scottish NHS Officer responsible and accountable for funds entrusted to NSS. The Accountable Officer will be responsible for ensuring the proper stewardship of public funds and assets. For NHS National Services Scotland it will be the Chief Executive.
- (b) “Board” means the Board of NHS National Services Scotland.
- (c) “Budget” means a resource, expressed in financial terms, proposed by the Board for the purpose of carrying out, for a specific period, any or all the functions of NSS.
- (d) “Budget Holder” means the director or employee with delegated authority to manage finances (Income and Expenditure) for a specific area of the organisation.
- (e) “Chief Executive” means the chief officer of NSS.
- (f) “Contract” means any arrangement giving rise to right and obligations between NSS and any one or more third parties whether legally enforceable or otherwise.
- (g) “Director of Finance, Corporate Governance and Legal Services” means the chief financial officer of NSS.
- (h) “Executive Management Team (EMT)” means the committee of executive officers of NSS appointed by the Board and given authority by the Board to act in accordance with its remit.
- (i) “Financial Services” means the central finance function of NSS.
- (j) “Framework Agreement” means a framework agreement in terms of the Public Contracts (Scotland) Regulations 2015.
- (k) “Director” means the chief officer of a Directorate of NSS; “Legal Advisor” means the properly qualified person appointed by NSS to provide legal advice.
- (l) “Officer” means employee of NSS or any other person holding a paid appointment or office with NSS.
- (m) “NSS” means NHS National Services Scotland, the common name of the “Common Services Agency for the Scottish Health Service”; and

(n) "SGHSC" means the Scottish Government Health and Social Care Directorate.

(o) Virement – the reallocation of budget authority

Wherever the title Chief Executive, Director of Finance, Corporate Governance and Legal Services, and Director is used in these instructions, it will be deemed to include such other directors or employees who have been duly authorised to represent NSS.

Wherever the term "employee" is used and where the context permits it will be deemed to include employees of third parties contracted to NSS when acting on behalf of NSS.

All references in these Instructions to the singular form will be read as equally applicable to the plural. Similarly, any references in these Instructions to the masculine gender will be read as equally applicable to the feminine gender and vice versa.

## **Section 2: Responsibilities of Chief Executive, Director of Finance, Corporate Governance and Legal Services, Directors and Employees**

### **2.01 Responsibilities of Chief Executive as Accountable Officer**

Under the terms of Sections 14 and 15 of the Public Finance and Accountability (Scotland) Act 2000, the Principal Accountable Officer for the Scottish Government has designated the Chief Executive of NSS as Accountable Officer.

Accountable Officers must comply with the terms of the Memorandum to National Health Service Accountable officers, and any updates issued to them by the Principal Accountable Officer for the Scottish Government.

#### **2.01 (a) General Responsibilities**

The Accountable Officer is personally answerable to the Scottish Parliament for the propriety and regularity of the public finances for NSS.

The Accountable Officer must ensure that the Board takes account of all relevant financial considerations, including any issues of propriety, regularity or value for money, in considering policy proposals relating to expenditure or income.

It is incumbent upon the Accountable Officer to combine their duties as Accountable Officer with their duty to the Board to whom he or she is responsible and from whom they derive their authority. The Board is in turn responsible to the Scottish Parliament in respect of its policies, actions and conduct.

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

The Accountable Officer must ensure that any arrangements for delegation promote good management, and that he or she is 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.

#### **2.01 (b) Specific Responsibilities**

The Accountable Officer is required to:

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

Ensure that the Board's financial obligations and targets are met. The Chief Executive shall be responsible for the implementation of the Board's financial policies and for co-ordinating any corrective action necessary to further these policies. In fulfilling this responsibility, the Chief Executive shall take account of advice given by the Director of Finance, Corporate Governance and Legal Services on all such matters. The Director of Finance, Corporate Governance and Legal Services shall be accountable to the Board for this advice.

Sign the Accounts assigned to them, and in doing so, accept personal responsibility for ensuring that they are prepared under the principles and in the format directed by the Scottish Ministers.

Ensure that proper financial procedures are followed incorporating the principles of separation of duties and internal check, and that accounting records are maintained in a form suited to the requirements of the relevant Accounting Manual, as well as in the form prescribed by the published Accounts.

Ensure that public funds and assets such as land, buildings or other property including stores and equipment for which he or she is responsible are properly managed and safeguarded, with the appropriate checks in place.

Ensure that, in the consideration of policy proposals relating to expenditure or income, for which he or she has responsibilities as Accountable Officer, all relevant financial considerations, including any issues of propriety, regularity or value for money, are considered, and where necessary brought to the attention of the Board.

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.

Ensure that risks, whether to achievement of business objectives, regularity, propriety or value for money, are identified, that their significance is assessed and that systems appropriate to the risks are in place in all areas to manage them.

Ensure that best value from resources is sought, by making proper arrangements to pursue continuous improvement having regard for economy, efficiency and effectiveness, and in a manner which encourages the observance of equal opportunities requirements.

Ensure that managers at all levels have a clear view of their objectives, and the means to assess and measure outputs for performance in relation to those objectives.

Ensure that managers at all levels are assigned well defined responsibilities for making best use of resources, including a critical scrutiny of output and value for money.

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

Ensure that the Directors, employees and all new appointees are notified of and understand their responsibilities within the SFIs.

## **2.01 (c) Regularity and Propriety of Expenditure**

The Accountable Officer has a particular responsibility for ensuring compliance with Parliamentary requirements in the control of expenditure. A fundamental requirement is that funds should be applied only to the extent and for the purposes authorised by Parliament in the Budget Acts (or otherwise authorised by Section 65 of the Scotland Act 1998).

Parliament's attention must be drawn to losses or special payments by appropriate notation of the organisation's Accounts. In the case of expenditure approved under the Budget Act, any payments made must be within the scope and amount specified in that Act.

All actions must be able to stand the test of parliamentary scrutiny, public judgements on propriety and professional Codes of Conduct. Care must be taken to avoid actual, potential, or perceived conflicts of interest when employing external consultants and their staff.

## **2.01 (d) Advice to the Board**

The Accountable Officer has a duty to ensure that appropriate advice is tendered to the Board on all matters of financial propriety and regularity, and more broadly, as to all considerations of prudent and economical administration, efficiency and effectiveness.

If the Accountable Officer considers that, despite their advice to the contrary, the Board is contemplating a course of action which they consider would infringe the requirements of regularity or propriety, and that they would be required to take action that is inconsistent with the proper performance of their duties as Accountable Officer, they should inform the SGHSCD's Accountable Officer, so that the Department if it considers it appropriate, can intervene and inform the Scottish Ministers. If this is not possible, the Accountable Officer should set out in writing their objection and the reasons, to the proposal. If their advice is overruled, and the Accountable officer does not feel that he or she would be able to defend the proposal to the Audit Committee of the Scottish Parliament, as representing value for money, he or she should obtain written instructions from the Board for which he or she is designated, 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.

## **2.01 (e) Absence of Accountable Officer**

The Accountable Officer should ensure that they are generally available for consultation, and that in any temporary period of unavailability a senior officer is identified to act on their behalf.

If the Accountable Officer would be unable to discharge their responsibilities for a period of four weeks or more, NSS will notify the Principal Accountable Officer of the Scottish Government, in order that an Accountable Officer can be appointed pending their return.

Where the Accountable Officer is unable by reason of incapacity or absence to sign the Annual Report and 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.

## 2.02 Responsibilities of the Director of Finance

Provision of financial advice to the Board and its employees.

Implementing the Board's financial policies and for co-ordinating any corrective action necessary to further those policies.

Ensuring that sufficient financial records are maintained to show and explain the Board's transactions and to disclose, with reasonable accuracy, the financial position of the Board at any time.

The design, implementation and supervision of systems of internal financial control incorporating the principles of separation of duties and internal checks.

The preparation and maintenance of such accounts, certificates, estimates, records and reports as the Board may require for the purpose of carrying out its statutory duties and responsibilities.

Setting accounting policies consistent with Scottish Government guidance and generally accepted accounting practice.

## 2.03 Responsibilities of all Directors and Employees

All directors and employees of the Board, severally and collectively, are responsible for:

- security of the Board's propriety,
- avoiding loss.
- exercising economy and efficiency in the use of NSS resources.
- complying with the requirements of the Board's Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation.
- reporting on discovery of any non-compliance of the SFIs to the Director of Finance, Corporate Governance and Legal Services.

All staff must be aware of the Fraud Management Policy (including the Fraud Action Plan) and the Whistleblowing Policy. The Counter Fraud Champion (also the Chair of the Audit and Risk Committee) is responsible for ensuring the requirements of Fraud Action Plan are met, and processes followed in every relevant situation.

The Director should ensure that these SFIs and associated documents are made known to all staff within the Directorates and ensure that they are adhered to.

Any contractor, or employee of a contractor, who is empowered by NSS to commit NSS to expenditure or who is authorised to obtain income will be covered by these instructions. It is the responsibility of the Director to ensure that such persons are made aware of this.

For all members of the Board and Executive Management Team and employees who carry out a financial function, the form in which financial records are kept and the manner in which those members discharge their duties must be to the satisfaction of the Director of Finance, Corporate Governance and Legal Services.

## Section 3: Code of Conduct

### 3.01 Introduction

The Model Code of Conduct for Members of Devolved Public Bodies (nhs.scot) was issued by the Scottish Ministers on 7 Dec 2021, with the approval for the Scottish Parliament, as required by the Ethical Standards in Public Life etc, (Scotland) Act 2000 . Its purpose is to set out the conduct expected of those who serve on the Boards of public bodies in Scotland.

The Code has been developed in line with the nine key principles of public life in Scotland. The financial responsibilities are set out in this section. The code of conduct for Board members of NSS are discussed further in the NSS standing orders.

### 3.02 General Principles

There is a general presumption against the giving or receipt of gifts and hospitality by employees of NSS. All employees should: -

- Not put themselves in a position where their official and private interests may conflict.
- To be aware off the presumption of influence on a potential purchasing decision or strategic decision relating to the business objectives of NSS; and
- Not make use of their official positions to further their private interests.
- These guidelines should be read in conjunction with section 3 on bribery.

### 3.03 Activities involving the use of official information or experience

Any employee of NSS (other than medical or dental staff engaged in clinical practice) is required to obtain permission from the relevant Director, before undertaking any form of private work which involves the use of official NHS information or their NHS experience.

All media broadcasts or television appearances by employees of NSS on matters relating to the work of NSS should be regarded as official duty, and no question of payment to individuals will normally arise. However, if the work of preparation for the media broadcast/television appearance involves private, as well as official time, the Chief Executive may, at their discretion, allow an employee to retain the whole or part of any fee as appropriate.

### 3.04 Outside Occupation

Employees of NSS are not allowed to accept any outside employment which would require their attendance at any time during their normal working hours with NSS. Employees should notify NSS if they propose to take up outside employment which would, when both or more

employments are combined, result in their average working week exceeding the maximum working week laid down in the Working Time Regulations 1998, currently 48 hours per week.

Employees are advised not to engage in outside employment which may conflict with their NHS work or be detrimental to it.

### **3.05 Confidentiality**

No employee of NSS shall use for their own benefit or gain, or divulge to any persons, firms, companies or other organisation whatsoever, any confidential information belonging to NSS, or relating to its affairs or dealings, which may come to the employee's knowledge during the course of their duties. Employees will not disclose confidential information or information which should reasonably be regarded as being of a confidential or private nature, without the express consent of a person or body authorised to give such consent, or unless required to do so by law. Employees should note that if they cannot obtain such express consent, they should assume it is not given.

Notwithstanding this, any employee who has genuine concerns about operational issues and service delivery, particularly if the concerns relate to health and safety, malpractice or fraud has a right and responsibility to raise these. Further details of how staff should raise concerns are outlined in the NSS Whistle blowing policy and the Fraud Management Policy.

### **3.06 Contracts and use of services of NSS contractors**

On starting employment, all NSS staff must declare any financial interests or relationships (e.g. Honorary positions held) with any manufacturer, supplier or contractor, with whom the NSS has, or is likely to enter into a contractual relationship, or any financial or other interests which may affect NSS's decisions. In addition, any employee engaged in ongoing activity or a project involving third parties must declare any relevant financial or other interests at the earliest opportunity to their Director and comply with any consequent requests or instructions made by NSS. Any NSS staff leading activities or projects with third parties must, at initiation and at all meetings, thereafter, seek positive confirmation as to any such interests which those NSS staff present may have and take action accordingly. Any interests declared must be properly recorded in the minutes and records of the meetings.

Board Members have a duty to declare any interests at any meeting when they are acting in their capacity as a Board Member. If a Board Member declares an interest, then the Member must remove themselves from the meeting.

In addition, Board Members, Directors, Senior Managers and Senior Procurement staff of NSS will be asked quarterly to confirm their declarable interests.

No employee of NSS may purchase goods from, or use the services of, a contractor on preferential terms for private purposes, if these terms are given directly or indirectly because of the contractual or other official business relationship (whether potential or actual), between the contractor and NSS.



### **3.07 Acceptance of Gifts**

For the purpose of this section, a gift shall be taken to mean any personal, material and/or financial advantage or reward, which can include material items such as calendars, stationery etc.

Employees must never ask or seek any gift. Where gifts are sent to an employee, these should only be accepted when the gift is of minimal or nominal value and in any case where the value is presumed to be less than £5. All other gifts should be returned to the sender.

It is recognised that, on occasion, a gift may be received from a patient or a donor as a “thank you” for services received. These gifts would be difficult to refuse without causing offence. If they are of low intrinsic value, the principles outlined above should be applied. Should they be expensive, the Director should be consulted for a view on acceptance.

In all cases in relation to gifts, it is recognised that it is NSS who is the owner of the received gift and not the individual employee.

Casual gifts offered by contractors or others e.g. at Christmas time should be declined.

### **3.08 Acceptance of Hospitality**

For the purpose of this section, hospitality shall be taken to mean an offer of food, drink, invitations to events, travel and/or accommodation.

As a guiding principle, hospitality should be refused. Modest hospitality, provided it is normal and reasonable in the circumstances, e.g. lunches in the course of working visits, may be acceptable when the scale of hospitality is similar to that which the NHS would be likely to offer in the circumstances. Where hospitality is provided at free events or conferences - where the object is to maintain knowledge or develop networks – this may be accepted, provided the hospitality is proportionate,

For the avoidance of doubt, tickets to national sporting events or similar should be refused.

### **3.09 Procedure for completing and recording forms**

Full guidance on accepting and recording of gifts and hospitality can be found on the Service Now portal.

### **3.10 Reporting**

An annual report of all accepted gifts and hospitality offered and accepted will be submitted to the EMT and Audit and Risk Committee for noting.

## 3.11 Use of official Accommodation, Equipment or Vehicles

No employee of the NSS 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.

Employees should not use, or in any way enable others to use, public bodies resources imprudently, unlawfully, for any political activities or matters relating to these or improperly.

Employees should not make inappropriate or unauthorised use of IT systems e.g. email and Internet access. The NSS guidelines governing the use of IT systems should be referred to for further guidance.

## 3.12 Bribery

The Bribery Act 2010 came into force on 1 July 2011 and makes it a criminal offence to take part in 'active' or 'passive' bribery or to fail to prevent bribery in an organisation:

- (a) Active bribery (section 1 of the Act) makes it an offence for a person to offer, give or promise to give a financial or other advantage to another individual in exchange for improperly performing a relevant function or activity.
- (b) Passive bribery (section 2 of the Act) makes it an offence for a person to request, accept or agree to accept a financial or other advantage in exchange for improperly performing a relevant function or activity.
- (c) Bribery of a foreign public official (section 6 of the Act) makes it an offence to offer, promise or give a financial or other advantage to a foreign public official with the intention of influencing the official in the performance of their official function. Previously such payments may have been known as Facilitation Payments.
- (d) Corporate offence (section 7 of the Act) states that an organisation may be liable if it fails to have adequate procedures in place to prevent bribery.

Employees must be committed to the prevention of bribery and all forms of corruption. NSS operates a zero-tolerance approach to bribery committed by any person working at NSS and any person who provides services for or on behalf of NSS and that any allegation of bribery by a Board member or employee will be investigated in accordance with relevant processes and procedures and may be reported to the authorities, as appropriate.

The NSS approach to addressing fraud, which includes bribery, is set out in Section 4.

## **Section 4: Suspected Theft, Fraud and Other Irregularities**

### **4.01 Introduction**

This section should be read in conjunction with the Fraud Management Policy and the Fraud Action Plan.

The following procedures should be followed, as a minimum, in cases of suspected theft, fraud, embezzlement, corruption, bribery or other financial irregularities to comply with the above guidance.

In addition, guidance and recommendations issued from time to time by NSS Counter Fraud Services to combat fraud should also be considered and implemented where necessary.

### **4.02 Theft, Fraud, Embezzlement, Corruption, Bribery and Other Irregularities**

NSS has a Fraud Management Policy and Action Plan, in accordance with Scottish Executive HDL(2005)5. All NSS staff should be aware of the content of this plan and their responsibilities in relation to the prevention and detection of fraud including bribery and corruption and their duty to report any suspicious activity.

The Fraud Action Plan is reviewed annually, amended as appropriate, and submitted to the Audit and Risk Committee for re-endorsement annually.

The Chair has the responsibility to designate a Non-Executive Member of the Board who is also a member of the Audit and Risk Committee as the Counter Fraud Champion (CFC). Their role is to raise the profile of counter fraud initiatives and publicity across the organisation. The CFC will support the Fraud Liaison Officer (FLO), whose role it is to co-ordinate action where there are reasonable grounds for believing that an instance of fraud, theft, embezzlement, corruption, bribery, or other financial irregularity has occurred. Contact details for the CFC and FLO can be found in the Fraud Management Policy and on the finance pages on geNSS.

It is the FLO's responsibility, supported by the CFC where appropriate, to inform as they deem appropriate, the Police, Counter Fraud Services (CFS), the appropriate director(s), the Appointed External and Internal Auditors, the Chief Executive and the Chair of the Audit and Risk Committee, where such an occurrence is suspected. It should be noted that CFS does not routinely investigate the crime of theft, unless systematic losses have occurred, and the use of covert surveillance is being considered.

Where any officer has grounds to suspect any of the above activities has occurred, they should report this to the FLO without delay. The FLO will ensure that there is consultation

with CFS as set out in the Fraud Management Policy. It is essential that preliminary enquiries are carried out in strict confidence and with as much speed as possible.

Where the suspicion involves an Executive or Non-Executive Director the matter will be reported to the CFC. It is the CFC's responsibility, supported by Counter Fraud Services, to co-ordinate any such investigation. The CFC will inform the appointed External and Internal Auditors and the Chair of the Board, where the allegation relates to the Chair of the Board the CFC will inform Scottish Government.

If, in exceptional circumstances, the CFC, the FLO and the Head of Internal Audit are unavailable the officer should report the circumstances to the Chief Executive who will be responsible for informing CFS. As soon as possible thereafter the FLO should be advised of the situation.

Where preliminary investigations suggest that prima facie grounds exist for believing that a criminal offence has been committed, CFS will undertake the investigation on behalf of, and in co-operation with NSS. At all stages the CFC, the FLO and the Head of Internal Audit will be kept informed of developments on such cases. All referrals to CFS must also be copied to the Appointed Auditor.

### **4.03 Remedial Action**

As with all categories of loss, once the circumstances of a case are known the CFC will be required to take immediate steps to ensure that so far as possible these do not recur. However, no such action will be taken if it would prove prejudicial to the effective prosecution of the case. It will be necessary to identify any defects in the control systems which may have enabled the initial loss to occur, and to decide on any measures to prevent recurrence.

### **4.04 Reporting to SGHSC**

While normally there is no requirement to report individual cases to SGHSC there may be occasions where the nature and/or scale of the alleged offence or the position of the person or persons involved, could give rise to national or local controversy and publicity. Moreover, there may be cases where the alleged fraud appears to have been of a particularly ingenious nature or where it concerns an organisation with which other public health sector bodies may also have dealings. In all such cases, SGHSC must be notified of the main circumstances of the case at the same time as an approach is made to CFS.

### **4.05 Responses to Press Enquiries**

Where the publicity surrounding a particular case of alleged financial irregularity attracts enquiries from the press or other media, the Chief Executive will ensure that the relevant officials are fully aware of the importance of avoiding issuing any statements, which may be regarded as prejudicial to the outcome of criminal proceedings or potential actions of CFS. Advice on such issues will be provided by CFS.

## **4.06 National Fraud Initiative**

NSS participates in the National Fraud Initiative coordinated by the Audit Commission for the prevention and detection of fraud and other financial irregularity. As part of this initiative NSS is required to share financial data including payroll data with the Audit Commission who will compare this data with other public sector bodies to highlight potential fraud. NSS through the FLO will investigate all queries arising through the initiative and take action in accordance with its findings.

## **Section 5: Audit and Financial Performance Arrangements**

### **5.01 Audit and Risk Committee**

In accordance with Standing Orders the Board will establish an Audit and Risk Committee, with clearly defined terms of reference, which will provide an independent and objective view of internal control.

### **5.02 Finance, Procurement and Performance Committee**

In accordance with Standing Orders the Board will establish a Finance, Procurement and Performance Committee, with clearly defined terms of reference, which will provide an independent and objective view on any financial matters referred to it by the Board.

### **5.03 Director of Finance, Corporate Governance and Legal Services**

The Director of Finance, Corporate Governance and Legal Services is responsible for:

- 1) ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective internal audit function.
- 2) ensuring that the internal audit is adequate and meets the NHS best practice.
- 3) ensuring that an Internal Audit Plan is prepared for the consideration of the Audit and Risk Committee. The plan must cover:
  - a) strategic audit plan covering the coming three years; and
  - b) a detailed plan for the coming year.
- 4) ensuring that an annual Internal Audit Report is prepared for the consideration of the Audit and Risk Committee. The report must cover:
  - a) a clear opinion on the effectiveness of internal control in accordance with current controls assurance guidance issued by SGHSC including for example compliance with control criteria and standards.
  - b) major internal financial control weaknesses discovered.
  - c) progress on the implementation of internal audit recommendations; and
  - d) progress against plan over the previous year.

The Director of Finance, Corporate Governance and Legal Services, the Head of Internal Audit or their authorised representatives and CFS in relation to a fraud investigation will have

authority, without necessarily giving notice, and on production of identification, to require and receive:

- 1) access at all reasonable times to any land, premises or employee of NSS.
- 2) access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature (in which case, he will have a duty to safeguard that confidential nature).
- 3) the production or identification by any employee of any NSS cash, stores, or other property under the employee's control; and
- 4) explanations concerning any matters under investigation.

## 5.04 Irregularities

Whenever any matter arises which involves, or is thought to involve, irregularities concerning stores or other property of NSS or any suspected irregularity it will be notified immediately to the Fraud Liaison Officer (FLO) who will inform Counter Fraud Services and the Director of Finance, Corporate Governance and Legal Services. Where appropriate, the Director of Finance, Corporate Governance and Legal Services will inform the Chief Executive and the Head of Counter Fraud Services.

Any decision to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption will be taken by the Chief Executive and the Director of Finance, Corporate Governance and Legal Services. Such decisions will be taken after obtaining appropriate advice from NSS Counter Fraud Services.

Further details pertaining to suspected theft, fraud, embezzlement, corruption, bribery and other irregularities are contained at Section 4.

## 5.05 Audit Reporting

Annual and longer-term audit plans will be prepared and laid before NSS's Audit and Risk Committee for approval by 31 March preceding the audit year commencing 1 April, or at such other time as the Committee may approve.

## 5.06 Internal Audit

Detailed Internal Audit Reports will be submitted to and agreed with management following all audit visits. Management must respond formally to audit reports within five working days of receipt of the final draft. The finalised report will be provided to the relevant Director, Director of Finance, Corporate Governance and Legal and NSS's statutory auditor.

Each year NSS's Internal Audit Service provider will prepare and present to the Audit and Risk Committee an annual Internal Audit Report which summarises internal audit findings in

the preceding year. This will be submitted before 30 June following the audit year in question.

Periodic review of the responses to agreed actions will be carried out by the Internal Auditors and the findings presented to the Audit and Risk Committee.

## **5.07 External Audit**

The Public Finance and Accountability (Scotland) Act 2000 places responsibility on the Auditor General for Scotland to decide who is to undertake the external audit of each health body in Scotland.

The appointed External Auditor will conduct their audit in accordance with the Public Finance and Accountability (Scotland) Act 2000 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Auditor General for Scotland.

## **5.08 Service Audit**

Annual Service Audit Reports will be submitted to and agreed with management following audits of the key services we provide to NHS Boards. Management must respond formally to audit reports within three weeks of receipt. The finalised reports will be provided to the Director, Director of Finance, Corporate Governance and Legal Services, NSS's statutory auditor and to the Audit and Risk Committee.

Each Service Auditor Report will provide an opinion on the controls in place and how effectively they have been operating during the year under review. This will be submitted before 30 June following the audit year in question.

The report will also detail the exceptions that were identified during the course of the testing, and management's responses to these. Management will be required to ensure that action is taken to address the risks or issues identified by the agreed deadlines.

Periodic review of the actions taken will be carried out by the Service Auditors and the findings presented to the Audit and Risk Committee.

## **5.09 Risk Management**

The Audit and Risk Committee is responsible for overseeing the risk management framework for NSS.

The Chief Executive is responsible for reviewing the effectiveness of the system of internal control, which includes the maintenance of an NSS risk register. The NSS risk register should be reviewed by the Board, Board Committees and Executive Management Team and management teams as set out in the NSS Integrated Risk Management Approach (IRMA).



The Directors are responsible for ensuring that risk registers are appropriately maintained and reviewed, and that appropriate risk management strategies and practices are adopted within their Directorates as outlined in the IRMA.

## Section 6: Financial Planning and Budget Control

### 6.01 Introduction

NSS has a responsibility to prepare and submit financial plans in accordance with the requirements of SGHSC to the Board and to SGHSC, ensuring that the budgets reconcile to such plans.

NSS will perform its functions within the total of funds allocated by Scottish Ministers and through income from other Health Boards and from other sources. All plans, financial approvals and control systems will be designed to meet this obligation.

NSS's income consists of four elements:

- the NSS baseline allocation which is to be treated as an aggregate sum.
- specific additional allocations of funding for projects and services sponsored by SGHSC and managed by NSS on behalf of NHSScotland.
- bottom sliced allocation from other Health Boards to fund National Services provided by NSS; and
- Income earned from trading with other Health Boards and other third parties.

NSS's financial planning cycle in respect of all income and expenditure will be co-ordinated with its business planning arrangements and timetables as approved by the Board. The financial plans will be reviewed in detail by the EMT and the Finance, Procurement and Performance Committee before being put to the Board for approval.

All requests for additional funding and income whether capital or revenue should be made using the Service Now Demand portal. Requests will be approved and prioritised on both an annual basis through the Resource Allocation Meetings and monthly at the EMT meetings.

The funding for specific ring-fenced projects will be agreed in advance of the project's commencement with NSS and SGHSC and will be supported by request through the Demand tool in the Service Now portal and an approved business case where required by SGHSC. The Director of Finance, Corporate Governance and Legal Services should be notified of any such projects at the earliest opportunity and will be responsible for ensuring funding is secured via additional allocations.

Services funded through bottom slicing will agree the budget with those Health Boards involved. Retrospective adjustments will be made at the same time for any over/underspend from the previous period.

The financial planning cycle in respect all NSS functions, including projects, programmes and services managed by NSS on behalf of NHSScotland will be co-ordinated with SGHSC's planning cycle.

## 6.02 Preparation of budgets

The Directors will prepare and submit budgets, which reconcile to the approved financial plan to Director of Finance, Corporate Governance and Legal Services in line with the agreed timetable for NSS. Such budgets will:

- 1) be prepared within the limits of available funds as advised by the Director of Finance, Corporate Governance and Legal or SGHSC in the case of additional allocations.
- 2) meet any requirements of the Board and SGHSC.
- 3) be in accordance with the aims and objectives set out in the Annual Operating Plan and reflected in the Directorate's Business Plan
- 4) accord with workload, workforce plans and funded establishment; and
- 5) identify potential risks and opportunities.

The Directors will be required to formally approve the delegated budget for their Directorate on an annual basis.

## 6.03 New Funding Requests

The Director is responsible for securing additional revenue or capital funds for new projects, programmes or services for NSS or delivered by NSS on behalf of NHSScotland. All additional funding, whether through NSS or SGHSC allocations or income from health boards or third parties must be requested through the Business Case process in the Service Now Demand portal. This will ensure the Board have full visibility of all funds they are accountable for.

Once approved these additional funds will form part of the budget for the duration of the project, programme or service.

## 6.04 Systems of budgetary control

The Director of Finance, Corporate Governance and Legal Services will monitor financial performance against budget and will ensure that a performance management process is in place to periodically review the finance plan.

The Director of Finance, Corporate Governance and Legal Services will have a right of access to budget holders on budget-related matters and be entitled to receive relevant information accordingly promptly and fully.

The Director of Finance, Corporate Governance and Legal Services will devise, introduce and maintain systems of budgetary control, and all staff of NSS will ensure compliance with these systems.

Such systems will incorporate:

- 1) monthly financial reports to the Board in a form approved by the Board containing:
  - a) income and expenditure to date showing trends and forecast year-end position.
  - b) capital projects spend and projected outturn against plan on a monthly basis.
  - c) comparison of the agreed annual workforce establishment to the actual in month, year to date and forecast position.
  - d) specific programme level reporting in respect of all major projects, programmes and services managed by NSS on behalf of NHSScotland, in line with the specific requirements defined by the Finance, Procurement and Performance Committee.
  - e) explanations of any material variance from Directorate's Finance Plans (material being defined as the higher of 10% and £100,000). For the purpose of reporting, materiality should be considered in relation to the total income, and the total pay and non-pay expenditure; and
  - f) details of corrective action where necessary and the Director of Finance, Corporate Governance and Legal Services view of whether such actions are sufficient to correct the situation.
  - g) investigation and reporting of variances from financial, workload and workforce budgets, including a requirement for finance staff to escalate any significant changes to income and expenditure to both the Director of Finance, Corporate Governance and Legal Services and the Director.
- 2) monitoring of management action to correct variances; and
- 3) arrangements for the authorisation of budget transfers in the case of NSS's general allocation.
- 4) arrangements for the return of specific additional allocations or proposed virement in line with agreed conditions of funding award for funds managed by NSS on behalf of NHSScotland (see section 6.06 for rules of virement).

The Director is responsible for ensuring that:

- 1) any likely overspending or reduction of income, which is not offset by corresponding reduction in expenditure, which cannot be met by virement within agreed limits is not incurred without the prior consent of the Director of Finance, Corporate Governance and Legal Services in respect of the general allocation, in addition to SGHSC in respect of ring-fenced funds.
- 2) the amount provided in the approved budget is not used in whole or in part for any other purpose other than that specifically authorised subject to the rules of virement.

The monthly financial returns from Directorate's will report actual results against a revised budget reflecting in year allocations.

## 6.05 Budget limits and Delegation

The budgets adopted by NSS will be set so as to ensure that it meets the financial targets to contain its Revenue and Capital expenditure in each year within the limits approved by SGHSC and to meet the targets set by SGHSC regarding Cash Releasing Efficiency Savings (CRES) and cash requirement.

The Board will approve budget limits and set business performance targets for all Directorate's except in respect of earmarked funds allocated for specific purposes by SGHSC. Overall responsibility for budgetary control will rest with the Chief Executive, who is the Accountable Officer of NSS.

The Chief Executive will, in turn, delegate this responsibility to senior officers in NSS within the context of an agreed performance assessment framework.

Each Director is the designated budget holder and is accountable to the Chief Executive and to the Board for the financial performance of their Directorate.

The Chief Executive and delegated budget holders must not exceed the budgetary total or virement limits set by the Board or SGHSC for NSD earmarked funding and other funds managed by NSS on behalf of NHSScotland (including eHealth) (see Appendix I).

Any budgeted funds within NSS's general allocation not required for their designated purpose(s) revert to the immediate control of the Chief Executive, subject to authorised use of virement (see below). In relation to earmarked funds and other funds managed by NSS on behalf of NHSScotland, budgeted funds not required for their designated purpose revert to the immediate control of either SGHSC's Director of Finance, Corporate Governance and Legal Services or Health Board Chief Executives as appropriate, subject to the authorised use of virement (see below).

As part of monthly financial reporting arrangements, the Director with delegated authority to manage earmarked funds and other funds managed by NSS on behalf of NHSScotland, must report formally to the Director of Finance, Corporate Governance and Legal Services where budgeted funds are not required.

The Director of Finance, Corporate Governance and Legal Services will be responsible for making arrangements to return un-required funds to SGHSCD in line with agreed protocols.

Non-recurring budgets will not be used to finance recurring expenditure without the prior approval of the Chief Executive or Director of Finance, Corporate Governance and Legal Services, or SGHSC as appropriate.

Within NSS's general allocation, the Chief Executive, Director of Finance, Corporate Governance and Legal Services or the Board, as appropriate, must approve expenditure not covered by an approved budget in advance. Further details are contained at Appendix I.

Irrespective of the approved budget levels, commitment of expenditure by budget holders must comply with procurement rules (see section 7 to 11). Approval of any contract award should be in accordance with section 9 and the approval levels set out in 9.02 and 9.05 below.

## 6.06 Virement

Virement is the re-allocation of budget authority. It involves reducing the level of budget at one or more Budget Centres and correspondingly increasing the level of budget at one or more other Budget Centres.

There is an over-riding requirement on the Board to contain expenditure within NSS's Revenue Resource Limit (RRL); it may, therefore, be necessary in certain circumstances for the Chief Executive to impose virement and vary the budget of an individual Budget Holder.

Subject to the foregoing rules, planned or fortuitous savings within delegated limits (see Appendix 1) may be redeployed within NSS's general allocation provided that the Director has verified that:

- (a) they do not arise from major alterations in service provision.
- (b) they are not part of an efficiency savings initiative.
- (c) the level of service defined in the Business Plan has been or will be achieved.
- (d) details of the savings figures have been provided to the Director of Finance, Corporate Governance and Legal Services.
- (e) non-recurring savings are not committed recurrently.
- (f) the Budget Centre in total is expected to remain within budget by the end of the year.
- (g) the alternative use does not conflict with NSS policy.

In the case of NSD's earmarked funding allocation, the Director of NSD has delegated authority from SGHSC to allocate revenue funds to national services, and to make a virement of funds between individual national services. Such actions should be within the earmarked allocation for commissioning national healthcare and screening services to ensure that the actual costs of specialist and screening services needed by residents of Scotland are met, as far as possible, within the overall earmarked allocation made available by SGHSC, provided that:

- a) the level of service defined in National Healthcare and Screening Service Agreements has been or will be achieved.
- b) waiting times are within the limits set by SGHSC.
- c) funding shifts do not generate major service change unless prior approval by SGHSC has been granted.
- d) use or application of savings across the total earmarked funds of NSD (subject to the virement reference above) should be agreed in conjunction with the relevant funding bodies, i.e. SGHSC for top sliced allocation for designated specialist and screening services and NHS Boards for NHS Scotland financial risk share arrangements; and

- e) savings against earmarked funds of NSD will not be used to support NSS activity; similarly, NSS funds will not be used to support activity funded through NSD.

The Director of NSD must report significant virements to the Director of Finance, Corporate Governance and Legal Services in the first instance and to the National Corporate Finance Network.

Virement within earmarked capital / non-recurring funds and in respect of funding managed by NSS on behalf of NHSScotland is only permitted with prior approval of SGHSC.

For the avoidance of doubt, virement between projects and programmes within eHealth must be specifically approved by the Deputy Director (eHealth) in SGHSCD.

All virements must be recorded in the finance ledger against the appropriate service.

## 6.07 Family Health Service Payments

NSS is responsible for the payments to primary care practitioners, Scottish Infected Blood Scheme and MESH payments on behalf of the NHS Scotland territorial Health Boards. Cash is drawn down from Scottish Government on a monthly basis to ensure payment to all contractors under the Medical, Pharmacy, Dental and Ophthalmic contractor streams.

The Director of Practitioner Services is responsible for the processing of claims and maintenance of related master file data and other activities that will be outlined in the “Practitioner Services Directorate & Finance, Governance and Legal Services Directorate Service Agreement” to be agreed during 2024/25.

The Director of Finance, Corporate Governance and Legal Services is responsible for:

- a) the accuracy and timeliness of the payments to practitioners and for the flow of accurate and timely information to practitioners, NHS Boards and the SGHSC regarding these payments.
- b) all aspects of financial control, the management of cash requirements and the processing of payments,
- c) setting the delegated authority limits for the authorisation of payments on a monthly basis,
- d) regular reviews of financial controls,
- e) reviewing and approving changes to financial controls and
- f) other activities as outlined in the “Practitioner Services Directorate & Finance, Governance and Legal Services Directorate Service Agreement” to be agreed during 2023/25.

The Finance, Procurement and Performance Committee will receive regular reports from the Director of Finance, Corporate Governance and Legal Services on financial governance, control and performance in year.

## **6.08 Financial consequences of change**

The Director of Finance, Corporate Governance and Legal Services will 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 will advise on the financial and economic aspects of future plans and projects.

# **Section 7: Staff Appointments, Remuneration and related matters**

## **7.01 Remuneration Committee**

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

## **7.02 Staff Appointments**

The Board will delegate responsibility to a manager for:

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

No officer of the Executive Management Team or employee may engage, re-engage, or regrade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration:

- a) unless within the limit of their approved budget and funded establishment; or
- b) in exceptional circumstances if authorised to do so by the Chief Executive.

The Board will approve or delegate to a Board Committee the approval of procedures presented by the Chief Executive for the determination of commencing pay rates, condition of service, etc, for employees.

All employee contracts will conform to relevant standard NHS terms and conditions. Any variation from standard terms and conditions will require prior approval of the Director of Human Resources and Workforce Development.

The Remuneration Committee will approve all new or additional jobs created for Agenda for Change band 8c, 8d, 9 and Executive grades. In addition, they will agree all senior appointments where the lower half of the salary range will not secure the preferred candidate.

## 7.03 Processing of Payroll

The Director of Finance, Corporate Governance and Legal Services is responsible for ensuring that appropriate arrangements exist for:

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

The Director of Finance, Corporate Governance and Legal Services will issue instructions regarding:

- a) verification and documentation of data.
- b) the timetable for receipt and preparation of payroll data and the payment of employees and allowances.
- c) maintenance of subsidiary records for superannuation, income tax, national insurance contributions 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 and National Fraud Initiative.
- g) methods of payment available to various categories of employees and officers.
- h) procedures for payment by bank credit to employees and officers.
- i) procedures for the recall of cheques and bank credits.
- j) pay advances and their recovery.



- k) maintenance of regular and independent reconciliation of pay control accounts.
- l) regular reconciliation of key standing data between the payroll system and the Human Resources Business Systems.
- m) a system to ensure the recovery from leavers of sums of money and property due by them to NSS.
- n) procedures for reclaiming expenses incurred wholly, necessarily and exclusively for business purposes.
- o) procedures for the recovery of any over/under payments; and
- p) procedures for the regular review of protection payments to ensure compliance with policy.

Appropriately nominated managers and EMT members have delegated responsibility for:

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

Regardless of the arrangements for providing the payroll service, the Director of Finance, Corporate Governance and Legal Services will 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 timely payment of these to appropriate bodies.

## 7.04 Termination Settlements

In the case of a termination settlement, a cost/benefit statement must be prepared for submission to the Director of Finance, Corporate Governance and Legal Services to demonstrate the financial effect of the decision. This statement will be in a form approved by the Remuneration Committee. In all cases, the appropriate Director, the Director of HR and

Workforce Development, and the Director of Finance, Corporate Governance and Legal Services must sign the statement in support.

Where the full cost of the settlement exceeds £75,000, the case must be submitted to the Chair of the Remuneration Committee for prior approval. The Chief Executive will be responsible for authorising settlements where the total cost is less than £75,000. An annual report of all such instances will be presented to the Remuneration Committee by the Chief Executive.

Approval from or notification to SGHSC of any settlement agreements will be done in conjunction with relevant guidance issued by SGHSC.

Prior to payment of any termination settlement the Head of Payroll Services will ascertain from the Director of Finance, Corporate Governance and Legal Services and the Director of HR and Workforce Development that the settlement has been duly authorised.

## **7.05 Organisational Change**

The Director is responsible for setting out the requirements and following the Organisational Change Policy. A full financial appraisal must support the organisation change programme and be submitted to the Change Oversight Group (COG) for approval.

The financial budget for any established posts is removed from the Directorate budget as a gross saving and reinvested within the NSS Workforce Resource Team as required.

## **7.06 Extension to Pay during periods of absence**

The line manager with support from HR advisors is responsible for requesting an extension to pay during extended periods of absence. The Section 14 Workforce review panel, chaired by the Director of Finance, Corporate Governance and Legal Services will assess the circumstances of the individual and where appropriate approve any extension to pay.

## **7.07 Ex Gratia Payments**

All ex-gratia payments made to staff will be approved in line with section 18 on losses and special payments. An annual report of all such payments in excess of delegated limits per appendix II will be presented to the Audit and Risk Committee by the Director of Finance, Corporate Governance and Legal Services.

## **7.08 Trade Union Facility Time**

All trade union representatives are required to submit the time spent on trade union activities on a biannual basis to the Head of Payroll Services. This information will be used to support

the required disclosures for the Annual Report and Accounts and other regulatory disclosures.

## Section 8: Non-Pay Expenditure

### 8.01 Introduction

This section deals with obtaining goods, works or services solely for NSS use.

All procurement activity must be undertaken in line with the [Scottish Government Procurement Journey](#) and all specific NHSScotland procurement policies.

The NSS procurement team will provide advice and support to the Directorate's on all aspects of procurement to ensure compliance with all relevant Acts and regulations. The NSS Procurement Team will manage all route 2 and 3 procurement requirements as defined within the Scottish Government Procurement Journey,

Capital works must be undertaken in line with the requirements set out in the [Scottish Government Scottish Capital Investment Manual](#) and the [Construction Procurement Handbook](#) or any subsequent amendment or revision of those documents issued by Scottish Government.

It is the responsibility of everyone involved in the process of commitment of Non-Pay Expenditure to familiarise themselves with the requirements commensurate with their intended procurement. Guidance can be sought from and will be provided by the NSS Procurement team.

### 8.02 Delegation of Authority

Each Director will designate an officer(s) who will be empowered, within defined limits, to authorise the creation of NSS's official purchase orders on behalf of their respective Directorate. The authorisation of a Purchase Order commits expenditure on behalf of NSS and, following completion of the relevant procedures, the disbursement of NSS funds to the supplier.

### 8.03 Responsibilities

The Chief Executive is responsible for

- setting out procedures on the seeking of professional advice regarding the supply of goods and services in line with SGHSC guidance and recognised best practice.

The Director of Finance, Corporate Governance and Legal Services is responsible for ensuring:

- instructions are issued for staff regarding the handling, checking and payment of accounts and claims within the Finance Operations team.
- where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained.

- the account is arithmetically correct.
- appropriate entries have been made in purchasing and payment systems, registers, inventories, stores or similar records as required.
- appropriate expenditure code numbers are charged with the cost.
- payments for goods and services are only made once goods and services are received.
- appropriate segregation of duties for placing orders, receipting goods and services and authorising payment of invoices.
- ensure that appropriate arrangements are in place for the prompt payment of accounts and claims. Payment of contract invoices will be in accordance with contract terms, or otherwise, in accordance with national guidance.
- only invoices with a valid purchase order number will be paid.
- VAT has been appropriately applied; and
- the account is in order for payment.

The Director is responsible for:

- compliance with the guidance and limits specified by the Director of Finance, Corporate Governance and Legal Services.
- the purchase of goods is in accordance with Scottish Government Procurement Journey and NHSScotland procurement policies.
- ensuring the procedures are followed when placing an order and invoking competitive quotation or tendering arrangements are outlined in Section 9.
- where consultancy advice is being obtained, the procurement of such advice must be in accordance with Section 11.
- goods and services are received timeously and accurately.
- no contract will be entered into, or purchase order issued for any item or items to any organisation or person which has made an offer of gifts, inducement, reward or benefit to directors or employees,
- no requisition/order or contract acceptance is placed for any item or items for which there is no budget provision unless authorised by the Director of Finance, Corporate Governance and Legal Services on behalf of the Chief Executive.

## **8.04 Requisitioning of goods and services**

The requisitioner or officer placing the order, in choosing the goods to be supplied (or the service to be performed) and the procurement process to be followed must always seek to obtain the best value for money for NSS and NHS Scotland. In so doing, where deemed appropriate, the advice of NSS's procurement staff and where appropriate CLO shall be sought. Where this advice is not acceptable to the requisitioner, the Director of Finance, Corporate Governance and Legal Services (and/or the Chief Executive) must be consulted. Details of any such occurrences should be reported quarterly as appropriate to the Finance, Procurement and Performance Committee

Full guidance for ordering and receipting of goods and services can be found on the knowledge base of the Finance and Procurement Service Now portal.

## Section 9: Tenders, Quotations and Contracting Requirements

### 9.01 Introduction

These Standing Financial Instructions define the arrangements for tendering or receipt of quotations and contracting requirements. They apply for procuring or ordering goods or services for which no applicable public sector contract or framework agreement currently exists that NSS can use.

The Director of Finance, Corporate Governance and Legal Services is responsible for ensuring the maintenance of systems for the invitation, receipt, safe-keeping and selection of tenders and quotations, which will include a register of tenders.

### 9.02 Thresholds for Purchasing of goods, services and works

The thresholds for the purchasing/ordering of all goods, services and works are as follows: -

Thresholds	Purchasing Process
Contract value < £10,000	Achievement of value for money should be demonstrated. Where possible, this will be through receipt of three competitive quotations from reputable suppliers. (In the absence of such quotes, the purchaser must be prepared to justify the procurement route chosen to the Director of Finance, Corporate Governance and Legal Services if asked to do so).
Contract value > £10,000 and < £50,000 (except public works)  Public Works <£2m	<a href="#">Procurement Journey Route 1</a>
Contract value £50,000 or more over its lifetime (4 years maximum) (except public works)  Public Works £2m or greater	<a href="#">Procurement Journey Route 2</a> . This must be done with full advice and guidance of NSS procurement, CLO and other technical advisers as required. The contract must be advertised on Public Contracts Scotland.
Contract with an estimated value equal to or greater than the published thresholds detailed within <a href="#">SPPN 08/2019</a> (see 8.07 below)	<a href="#">Procurement Journey Route 3</a> This must be done with full advice and guidance of NSS procurement, CLO and other technical advisers as required. The contract must be advertised on Public Contracts Scotland.

In order to ensure that value for money is achieved it is essential that a sufficient number of competent, financially sound suppliers with adequate capacity to undertake the work or provide the goods or service are identified. As part of value for money, due regard to other relevant organisational policies is important, for example, policies in relation to corporate social responsibility, sustainability and risk management.

In the case of Goods and Services, the estimated value of the contract must include all possible options under the contract. For example, if the contract allows NSS to aggregate requirements, purchase additional supplies or services or extend the contract period beyond its original duration, the financial implications of these must be included in the estimate of the potential contract value, even if the likelihood of taking up these options is small. This will assist in ensuring the appropriate best practice procurement route is chosen.

In the case of Works, purchasers are required to estimate the value of the whole works project, irrespective of whether or not it comprises a number of separate contracts for different activities, stages or phases of an individual project.

Any contract with an anticipated value of over £50,000 must be routed through the NSS Procurement team. The NSS Procurement manager will ensure that standardised NSS procurement processes are followed and that NSS complies fully with regulations and SG policy.

In certain circumstances, public procurement regulations may not apply. This is permitted using the general exclusions and Specific Situations of the Public Contracts (Scotland) Regulations 2015 Sections 4 or 7 through 18 or by being a service listed in Schedule 3 of the aforementioned regulations. To ensure probity the Sole Source Justification form should be completed in these circumstances. If the purchase is of an ongoing nature, a single form for the requirement should be completed at the start of each financial year and attached to the initial Purchase Order for NSS Procurement records. All subsequent Purchase Orders should reference the initial Purchase Order number. The Sole Source Justification form is located on the Service Now portal at [Sole Source Justification - Finance & Procurement \(service-now.com\)](#). These exemptions require careful consideration and the advice of the NSS Procurement team must be sought at the earliest opportunity if circumstances may require their use.

No tender may be invited for goods, services or works unless the estimated expenditure is included in the Directorate's Budget or Business Plan or has been previously approved by the Chief Executive.

Tender submissions should be sought by use of the SG supported e-Tendering system or the Public Contracts Scotland web portal or another approved Public Sector web portal.

All Tenders must be appraised against the Scottish Procurement Document (SPD). This is a statutory requirement that ensures all mandatory & discretionary exclusion criteria are appropriately assessed for each bidder. Where existing Framework Agreements are to be used, the procedures set out in that Agreement must be followed. Guidance on the use of the SPD should be sought at all times from the NSS Procurement team.



Where, in exceptional circumstances, three competitive written quotations or tenders cannot be provided by reputable suppliers the tender process and selection must be approved by the Chief Executive or the Director of Finance, Corporate Governance and Legal Services via a sole source justification on Service Now (see link above). The Director of Finance, Corporate Governance and Legal Services will present, on an annual basis, a report to the Finance, Procurement and Performance Committee detailing the nature and justification for any such circumstances.

The Director must:

- be satisfied that all required processes and procedures in compliance with public procurement regulations have been adhered to prior to accepting a tender.
- ensure that all accepted tenders have the appropriate details entered onto the NSS contract register which will be maintained by the NSS Procurement Department.
- ensure that all tender documentation, reports and records must be retained and stored in line with NSS document management and retention policy.
- ensure that every contract contains a clause entitling NSS to cancel the contract and to recover from the contractor the amount of any loss resulting from such cancellation if the contractor or their representative, with or without their knowledge, has colluded in tendering for the contract or any other contract with NSS or has employed any corrupt or illegal practice in obtaining or executing that or any other contract with NSS.

An officer or executive having a pecuniary interest, whether direct or indirect, in any tender with NSS must declare this interest to the Director of Finance, Corporate Governance and Legal Services who must ensure such details are entered in the Register of Pecuniary Interest. Such officers must also disqualify themselves from any involvement in the tender procedures.

Except where otherwise agreed all contracts will be in writing and subject to the Law in Scotland.

### **9.03 NSS Contract / Framework Agreement**

Prior to award on behalf of NSS itself of any contract or Framework Agreement or call off by NSS of any Framework Agreement (or extension of any contract or Framework Agreement or call off same), where the annual amount (or amount relating to the extension period if shorter) which NSS is committing to pay is:

- less than £50,000, three quotes are required, and approval is required from Director.
- £50,000 to £100,000 must follow formal procurement regulations and approval is required from the Director.
- more than £100,000 but less than £500,000 approval is required as above and the Contracts Approvals Board and the Director of Finance, Corporate Governance and Legal Services

- more than £500,000 but less than £1 million approval is required from Contracts Approvals Board and then from the Chief Executive.
- More than £1m are reported to the NSS Board through the Finance, Procurement and Performance Committee, following approval from the Chief Executive as above.

## 9.04 Contract Extensions

Wherever practicable, approval for contract extensions should be sought on a timely basis so that should extension approval not be granted that there is sufficient time to run the appropriate procurement process set out in these SFIs. For all contract extensions which require authorisation by the Chief Executive or the NSS Board, NSS procurement must seek CLO advice and ensure approval is sought in sufficient time to run an appropriate procurement process or an exemption must be agreed by the Chief Executive and reported to the NSS Board.

## 9.05 Contracts on behalf of Scottish Ministers, NHSScotland or combinations of public bodies

Prior to the new financial year, the Director of National Procurement will provide the Finance, Procurement and Performance Committee with a procurement strategy detailing all planned contracts/framework agreements awards. Based on an assessment of financial and reputational risk the Committee will identify those contracts/framework agreements which will require approval by the Board.

For contracts/framework agreements awards not identified as requiring Board approval by the Finance, Procurement and Performance Committee the following approval strategy will apply based on the estimated/expected **total annual value** or uptake under the Contract or Framework Agreement:

- less than £2 million, approval is required from the Director of National Procurement, the Strategic Sourcing Director and the Director of DaS for IT-related contracts.
- more than £2 million but less than £5 million, approval is required from the Contracts Approvals Board (Director of Finance, Corporate Governance and Legal Services, Director of National Procurement, Strategic Sourcing Director and for IT approvals the DaS Director).
- more than £5 million, approval is required from the Chief Executive of NSS following the Contracts Approval Board.

No award or execution of a contract or a Framework Agreement shall be made by or on behalf of NSS without appropriate authority or in advance of an Approval Certificate being issued.

All NSS officers and employees should be aware of the importance of acting within statutory powers and functions and the requirement of written records.

Verbal contracts are not acceptable. Care must be taken to ensure Contracts and/or Framework Agreements are not concluded informally. Correspondence on contractual issues should contain a statement that the letter or e-mail is not intended to form a contract and that NSS will not be bound by any terms unless and until incorporated within a formal award or document entered into by NSS which satisfies Section 3 of the Requirements of Writing (Scotland) Act 1995.

## **9.06 NHS Scotland Health Board Capital Expenditure Procurements**

Where Equipping Projects are performed by NSS, either by direct engagement or under a Service Level Agreement (SLA) with Health Boards and under their own SFIs, with Purchasing Approvals on spend by the Health Board Project Teams under their Capital Expenditure Budget for the Project and with our Procurement Team operating as a proxy Health Board procurement team, the following approval levels will apply.

- less than £100,000, approval is required from the relevant procurement Category Manager
- more than £100,000 but less than £500,000, approval is required from the Head of Strategic Sourcing
- more than £500,000, approval is required from the Director of National Procurement

The above approval levels only apply to contracts where purchase orders are raised by Health Boards and there is no NSS financial commitment.

## **General Requirements**

### **9.07 Advertising of contracts**

In accordance with the Procurement Reform Act (Scotland) 2014, any contract between £50,000 and threshold values set out in [SPPN 08/2019](#) over its lifetime is considered a regulated contract. Guidance in tendering these contracts must be in accordance with the Procurement Reform Act (Scotland) 2014, any contract between £50,000 and threshold value over its lifetime is considered a regulated contract. Guidance in tendering these contracts must be sought from NSS Procurement.

## 9.08 Signing of contracts

The official signing of any contract or framework agreement that requires Board approval (as per sections 9.02 and 9.04 above) will be sealed with the Common Seal of the Common Services Agency.

The Director of Finance, Corporate Governance and Legal Services must ensure the segregation of duties between negotiating and the signing of contracts. Contracts entered into by NSS for services for NSS or provided on behalf of NHSScotland must be approved by the Director of Finance, Corporate Governance and Legal Services or the Chief Executive.

## 9.09 Record of contracts

To effect compliance with the Procurement Reform (Scotland) Act 2014, NSS utilises the [Public Contracts Scotland](#) (PCS) web portal contract register functionality to maintain a public register of all contracts in excess of £50,000 in value. The Director of Finance, Corporate Governance and Legal Services will receive a copy of the register on an annual basis.

## 9.10 Variations to contracts

All agreements with suppliers/contractors to vary contracts for supplies/works of a revenue or capital nature must be in-line with procurement regulations and will require approval should additional expenditure meet thresholds detailed in line with Section 9.

Claims from suppliers/contractors which are not clearly within the terms of the contract concerned will be referred to the Procurement Department, who will inform Chief Executive and/or Director of Finance, Corporate Governance and Legal Services, if necessary, before agreement is reached and any payments are made.

Where completion of a contract is delayed the matter will be referred to the Director of Finance, Corporate Governance and Legal Services for further action.

With regard to contracts for works (capital expenditure), the contract will specify the circumstances that will occur before a variation is appropriate. The officer authorised to supervise and control the work must ensure these conditions are observed before authorising any contract variation.

## 9.11 Interim and final payments

Officers authorised by Directors to supervise and control work under contracts (including both revenue and capital contracts) will certify payments to suppliers/contractors and approve through the PECO's order system as work is completed.

## 9.12 Communications

All contracts (other than for a simple purchase permitted within the Scheme of Delegation and excluding Service Agreements for national specialist healthcare and screening services), leases, tenancy agreements and other commitments which may result in a liability must be notified to the Director of Finance, Corporate Governance and Legal Services in advance of any commitment being made.

## 9.13 Contract and Supplier Management

Each Directorate is responsible for ensuring that key contracts and suppliers are managed effectively to ensure agreements meet performance requirements and provide value for money.

Key suppliers should be identified and managed on a quarterly basis utilising the segmentation tool and balanced scorecard within the Scottish Government Procurement Journey (see link - [Planning and Governance | Procurement Journey](#) )

Each Directorate will be required to provide an annual report to the Finance Performance and Procurement Committee on supplier management activity.

# Section 10: Tenders, Quotations and Contracting Requirements for Research

## 10.01 Introduction

This section defines the arrangements for tendering or receipt of quotations and contracting requirements specifically for purchasing research services.

Research and development services, being a Specific Situation of the Public Contracts (Scotland) Regulations 2015, are generally considered an exclusion from the public procurement regulations.

However:

- a) if the benefits of the research accrue exclusively to NSS for use in the conduct of NSS' own affairs; **and**
  - b) NSS wholly fund the research from its own budget,
- then the public procurement regulations do apply and section 9 of these SFIs applies rather than this section 10.

If only one or less of the above conditions apply then the research is considered an exclusion to the public procurement regulations as the research is not considered a commercial contract and the arrangements, as set out below, apply.

The Director is responsible for ensuring that all research contracts comply with current legislation and the Standing Financial Instructions (SFIs), as appropriate.

## 10.02. Thresholds for Purchasing of Research Services

The thresholds for the purchasing all research services are as follows: -

Thresholds	Purchasing Process
Contract value < £10,000	By value for money. Where possible, through receipt of three competitive quotations from reputable providers. (In the absence of such quotes, the purchaser must be prepared to justify the rationale for not seeking three quotations to the Director of Finance, Corporate Governance and Legal Services (if asked to do so).
Contract value > £10,000 and < £50,000	By invitation – seeking three quotations from reputable providers without having to advertise the research contract.
Contract value £50,000 or more over its lifetime (4 years maximum)	By advertisement – advertising the contract on the NSS site. This can be an open or restricted invitation to tender.

The other purchasing process that exists for research services:

- A non-competitive direct award process, used in exceptional circumstances, where three competitive written quotations or tenders cannot be provided. Notable reasons for awarding a research contract directly to a single, identified external research provider are extreme urgency or intellectual property rights.

In order to ensure that value for money is achieved a sufficient number of suitably qualified providers with adequate capacity to undertake the research services are identified.

The estimated value of the contract must include all possible options under the contract. For example, if the contract allows NSS to aggregate requirements, purchase additional supplies or services or extend the contract period beyond its original duration, the financial implications of these must be included in the estimate of the potential contract value even if the likelihood of taking up these options is small. This will assist in ensuring the appropriate purchasing process is chosen.

No tender may be invited for research services unless the estimated expenditure is included in the Directorate's Budget or has been previously approved by the Director of Finance, Corporate Governance and Legal Services. Estimated expenditure must be approved prior to the purchasing process commencing.

### 10.03 Research contract award approval

Prior to award on behalf of NSS of any contract, where the **total amount** (or amount relating to the variation if shorter) which NSS is committing to pay is:

- less than £50,000, three quotes are required, and approval is required from Director.
- £50,000 to £100,000, research contract is advertised, and approval is required from the Director.
- more than £100,000 but less than £500,000 approval is required as above and the Director of Finance, Corporate Governance and Legal Services.
- more than £500,000 approval is required from the Director of Finance, Corporate Governance and Legal Services and then from the Chief Executive.
- more than £1 million are reported to NSS Board through the Finance, Procurement and Performance Committee, following approval from the Chief Executive as above.

## **General Requirements**

### **10.04 Advertising and notification of research contracts**

In accordance with the Public Contracts (Scotland) Regulations 2015, research contracts, if they meet the criteria in section 10.01 above are considered excluded contracts. Research contracts above £50,000 over its lifetime are advertised on the NSS site.

All research tenders, above £50,000, are appraised against the Scottish Procurement Document (SPD). This ensures all mandatory & discretionary exclusion criteria are appropriately assessed for each bidder. Where existing Framework Agreements are to be used, the procedures set out in that Agreement must be followed.

A research contract with an estimated expenditure of more than £1 million (in total) will be notified to the Finance, Procurement and Performance Committee, via the Director of Finance, Corporate Governance and Legal Services at the contract advertisement stage.

### **10.05 Research contract agreement signature**

The official signing of any contract or framework agreement must follow the financial thresholds and associated personnel set out in section 9 above.

Except where otherwise agreed all contract agreements will be in writing and subject to the Law in Scotland.

### **10.06 Record of research contracts**

The Directorate must maintain a research contract register for all commissioned research contracts. The Director of Finance, Corporate Governance and Legal Services shall receive a copy of the research contracts register as requested.

### **10.07 Interim and final payments**

Officers authorised by Directors to supervise and control work under contracts (including both revenue and capital contracts) will certify payments to suppliers/contractors and approve through the PECO's order system as work is completed.



## **10.08 Research contract variations**

Where research contract variations including extensions require additional expenditure, approval for the variation must be sought before agreement is made with the external research provider. For contract variations where the original contract was routed through the Research Office, the Research Office must be notified in the first instance. Approval shall be in line with the financial thresholds and associated personnel set out in section 9 above.

Contract variation agreement signature shall be in line with section 9 above.

Wherever practicable, approval for contract variations including extensions should be sought on a timely basis so that should approval not be granted there is sufficient time to run a purchasing process as appropriate.

Claims from external research providers which are not clearly within the terms of the contract concerned will be referred to the Head of NSS Procurement, if necessary, before agreement is reached and any payments are made. Where completion of a contract is delayed the matter will be referred to the Director of Finance, Corporate Governance and Legal Services for further action.

## **10.09 Research collaboration agreements**

Where research collaboration agreements require expenditure (including staff time) by NSS, approval for the collaboration must be sought before agreement is made with the other collaborators.

Collaboration agreement signature shall be in line with section 3 above.

## **10.10 Communications**

All research contracts which may result in a liability must be notified to the Director of Finance, Corporate Governance and Legal Services in advance of any commitment being made.

## Section 11: Appointment of advisers and non-permanent staff

### 11.01 Introduction

These Standing Financial Instructions define the procedures to be followed in the selection and appointment of Advisers and staff not on open-ended contracts and should be read in conjunction with Sections 8 and 9.

Provider	Process
Legal Advisers	CLO must act as appointed legal advisers on all legal matters unless approval has been granted by Chief Executive
Management Consultants/ Contractors (individuals and companies)	The authority limits in section 9 also apply. See sections 11.02 to 11.08 below
Agency staff	In line with all establishment posts, agency and contractor staff will be recorded on the relevant NSS Business Systems to ensure compliance with the National Directory and NHS Mail access for all members of staff and to allow for effective monitoring of all staff across NSS. Agency staff must be appointed in line with the NSS Agency Workers Process including a requirement to utilise any national procurement framework or contract in place for such staff within NHSS. Completion of an online “check of employment status for tax” must also be carried out prior to the start of any engagement.  The authority limits in section 9 also apply
Secondees	Before appointing any Secondees to work in NSS, the relevant Director must be consulted and their approval to proceed should be given prior to proceeding with any appointment
Temporary/Fixed Term Employees	Normal HR recruitment

### 11.02 Definition

Contractors are used by NSS -

- a) to provide specific expertise which may not be readily available within NSS.
- b) to perform a task within a defined time span; or
- c) to provide an outside objective view on a particular matter.

## 11.03 Specification of need

In considering the need for Management Consultants/Contractors it is essential that the following processes are adhered to: -

- 1) Define assignment to be undertaken: The nature of the task requires to be identified and a specification with the timescale prepared. This will enable the quantity and quality of professional skill required to be assessed.
- 2) Consider alternative means of undertaking assignment: Having prepared the specification it should be possible to consider whether the Directorate's own staff can undertake the assignment, within normal working hours, in overtime hours or on a secondment basis. If this is not possible the option of involving other Directorate's staff on a secondment or chargeable basis should be explored before any consideration of an outside source is made. Should outside support be necessary the suitability of temporary staff should be considered before finally deciding to progress to the process leading to the appointment of Management Consultants/Contractors.
- 3) Define the basis of the consultancy: It is necessary to decide the appropriate method of appointment, for example if the end date of the assignment and timescale can be clearly identified a block fee would be appropriate. However, it is recognised that it is not always possible to do this and in such circumstances a day rate basis would be appropriate.

## 11.04 Procedures for appointment

The applicable procurement procedures and limits set out in sections 8, 9 and 10 must always be followed.

## 11.05 Appointment considerations for the Director

- For each appointment an online assessment through HMRC must be completed to determine the employment status for tax purposes for the engagement.
- Contract of employment and fee must be aligned to an established job description, any departure from this must be approved by the Director of HR and workforce Development and the Director of Finance, Corporate Governance and Legal Services.
- Appropriate consideration is given to the particular experience and reputation of the individual(s)/organisation.
- The individual(s)/organisation is competent to undertake the assignment and retain documentary evidence of their consideration.

- Professional competence is vetted, and evidence retained.
- Where the appointment is made due to lack of specific expertise being available within NSS, arrangements should be made wherever practical for knowledge or skills transfer into NSS to occur. The anticipated knowledge or skills transfer should be documented and tracked thereafter.
- Conducting a review of the effectiveness and value for money of the assignment prior to the departure of, or as soon as practicably possible thereafter, the appointed Management Consultant/Contractor. Internal Audit, or any other body as may be required, should record the details of such review for the purposes of any subsequent independent scrutiny for ensuring that the work undertaken in the assignment has been carried out satisfactorily, will certify invoices for work done and will ensure that the fee charged is correct.
- Throughout the whole procurement process of developing need, specification, tendering, appointment and payment, the officers involved in the exercise are responsible for ensuring that best value for money is obtained.

## **11.06 Tendering Arrangements**

In all circumstances, the arrangements for tendering set out in Section 9 will be followed.

## **11.07 Functional continuity**

Where for whatever reason it is decided to extend the appointment of a Management Consultant/Contractor, and this will increase the value of the initial or current assignment sufficient to move it into a higher value band (see Section 9) the materiality of any such extension should be measured and appropriate legal advice sought from CLO prior to the approval of the Chief Executive and/or the Director of Finance, Corporate Governance and Legal Services. The approval of the Chief Executive and/or the Director of Finance, Corporate Governance and Legal Services must be obtained before proceeding to extend the appointment.

CLO advice should be sought and the Chief Executive's and/or the Director of Finance, Corporate Governance and Legal Services' approval must be obtained in all cases where the value or timescale of the extension cannot be estimated.

## **11.08 Audit and Risk Committee Reporting Requirements**

NSS's Audit and Risk Committee can, at any time, call for the justification of expenditure on Management Consultants.

The Director of Finance, Corporate Governance and Legal Services will present, on an annual basis, a report to the Audit and Risk Committee detailing the nature of and expenditure incurred by each Directorate on the employment of Management Consultants in the preceding year.

## Section 12: Income Generation and Intellectual Property

### 12.01 Introduction

This Standing Financial Instruction applies to all income generation (excluding SGHSC allocations) entered into by NSS, whether or not contractually binding, for the supply of goods and/or services by it to another party and for which money will be receivable by NSS. It applies to “contracts” with NHSScotland bodies, other public sector bodies and to all arrangements with private sector bodies.

Contracts with SGHSC are not subject to this section of the Standing Financial Instructions.

### 12.02 Authority Levels

Directorate’s may enter into income generating activities with outside parties on their own authority provided that:

- 1) the limits set out in Appendix III are adhered to.
- 2) NSS’s standard terms and conditions of business/service level agreement apply.
- 3) if denominated in a foreign currency, approval has been obtained from Director of Finance, Corporate Governance and Legal Services as described below; and
- 4) section 12.06on legal entity participation or investment is not relevant.

Any income agreement which does not meet all of the criteria above requires prior approval by the Director of Finance, Corporate Governance and Legal Services and/or Chief Executive.

Income agreements are frequently negotiated over a period of time which may be prolonged and often require to be ratified as soon as terms and conditions are agreed in order to avoid financial loss through further delay. Where authority from a higher level is required, officers should plan for and provide prior warning to all officers whose authority may be required.

### 12.03 Determination of charges

Each Director will review on at least an annual basis the charges for services provided by the Directorate. Unless such charges are fixed externally or are governed by specific SGHSC regulations and/or legislation, the Directorate income strategy, including charging principles and proposals for the revision of charges, will be submitted to the Chief Executive and Director of Finance, Corporate Governance and Legal Services for consideration and approval in advance of such revised charges being published. This will be formally approved as part of the annual business planning process.

In setting the level of fees and charges, Directors should ensure the full recovery of all costs including capital costs represented by capital charges. For recurring income streams there should be a yearly review as part of the budget process to ensure that full recovery of costs is being achieved.

Where day rates form the basis of any fees and charges the approved NSS day rates should be used. Any variation from the approved day rates must be agreed with the Director of Finance, Corporate Governance and Legal Services.

Planned cross subsidisation is not permitted and marginal costing may only be used when unplanned spare capacity arises during the year.

Charges to the private sector may be set at any level that the market will bear, provided the price covers all direct and indirect costs.

In order to preserve the real value of income, increases recommended should have regard to at least the current rate of inflation.

## **12.04 Foreign Currency**

Business should normally be conducted in sterling. Any Sales which are to be denominated wholly or in part in a foreign currency must be pre-notified to the Director of Finance, Corporate Governance and Legal Services at the earliest opportunity.

Foreign currency transactions will normally only be acceptable in “hard” currencies such as US dollars, the Euro or Swiss Francs. Other major world currencies will be acceptable where business is conducted with the appropriate country.

Foreign currency transactions in excess of £2million require to receive advance authorisation through the Government Banking Service. Such transactions will be referred to the Director of Finance, Corporate Governance and Legal Services for arrangement. Government accounting regulations require NSS to minimise the cost of its overseas (banking) transactions while protecting public funds against loss and uncertainty due to foreign exchange movements. NSS will therefore take steps to minimise its exposure to foreign exchange risks, for example by entering into forward exchange contracts, but must not speculate on foreign exchange movements.

## **12.05 Third party contracts and agreements**

Under certain circumstances NSS may enter into non-financial contracts and agreements with third parties. All such agreements should be approved by the relevant Director. The Director should ensure that an appropriate approval process is followed prior to “sign off” in line with Scottish National Blood Transfusion Service Business Development Execution of Agreement Checklist.

## **12.06 Intellectual Property and Other Guidance**

Directorate's must comply with MEL(2000)13: "Fund Raising, Income Generation and sponsorship within the NHSiS" at all times.

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 current NSS Intellectual Property Policy and Scheme of Delegation.

Consideration should be given to using the services of Scottish National Blood Transfusion Service's Business Development Department which has particular expertise and experience in providing services necessary for the identification, protection and exploitation of IP as this is a frequent occurrence within Scottish National Blood Transfusion Service R&D programmes and third-party collaborations. Any such requests should be made via the office of the Director, Scottish National Blood Transfusion Service. An annual report on all relevant IP activity facilitated by Scottish National Blood Transfusion Service Business Development Department will be provided to the NSS Board/ Chief Executive via the NSS Clinical Governance Committee.

NSS 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 Director of Finance, Corporate Governance and Legal Services.

## **12.07 Notification of income to the Director of Finance, Corporate Governance and Legal Services**

All accounts for income due to NSS will be raised under arrangements approved by the Director of Finance, Corporate Governance and Legal Services.

The Director is responsible for the new projects, programmes or services for NSS or delivered by NSS on behalf of NHSScotland. All new income streams from health boards or third parties must be entered through the Business Case process in the ServiceNow Demand portal for approval by the appropriate authority.

## **12.08 Recovery of outstanding debt**

The Director of Finance, Corporate Governance and Legal Services will ensure that appropriate systems are maintained for the recovery of outstanding debts in line with the Debt Management Policy.

The Director of Finance, Corporate Governance and Legal Services is responsible for the recovery of outstanding debts and will ensure agreed credit control procedures are exercised to minimise any loss to NSS.



Outstanding debts that are not recoverable and are to be written off will be dealt with in accordance with the approved procedures for losses (see Section 17 below).

## Section 13: Capital Investment, Private Financing, Fixed Asset Registers

### 13.01 Capital Investment

The Director of Finance, Corporate Governance and Legal Services will ensure that:

- a) there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon business plans.
- b) adequate arrangements are in place for the effective management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost.
- c) capital investment is not undertaken without confirmation of the availability of resources to finance all revenue consequences, including capital charges; and
- d) All capital programme requests are agreed and prioritised by the Property and Asset Management Board.
- e) For all capital expenditure a proposal should be produced in line with the NSS Business Case Process.

The Director is responsible for securing capital funds for new projects, programmes or services for NSS or delivered by NSS on behalf of NHSScotland. New projects must be requested through the Business Case process in the ServiceNow Demand portal. Funding will be approved and prioritised on an annual basis through the Resource Allocation Meetings, and any new requirements in year will be approved by the EMT at the monthly meeting. This will ensure the Board have full visibility of all funds they are accountable for.

The Director of Finance, Corporate Governance and Legal Services will issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.

The Chief Executive, Director of Finance, Corporate Governance and Legal Services or the Board, as appropriate, must approve capital expenditure not covered by an approved budget in advance. Further details are contained at Appendix I.

The approval of a capital programme will not, of itself, constitute approval for expenditure on any scheme. The Director of Finance, Corporate Governance and Legal Services will 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 Director of Finance, Corporate Governance and Legal Services will ensure procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes are issued. These procedures will fully take into account the delegated limits for capital schemes included in guidance from SGHSC.

## 13.02 Asset Registers

Director of Finance, Corporate Governance and Legal Services is responsible for the maintenance of registers of assets, including 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.

The minimum data set to be held within these registers will be as specified in the Scottish Capital Accounting Manual as issued by SGHSC.

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

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

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).

The Director of Finance, Corporate Governance and Legal Services will approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.

The value of each asset will be indexed to current values in accordance with methods specified in the Scottish Capital Accounting Manual issued by SGHSC.

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

The Director of Finance, Corporate Governance and Legal Services will ensure that capital charges are calculated and accounted for as specified in the Scottish Capital Accounting Manual issued by SGHSC.

A small equipment registers as specified by the Director of Finance, Corporate Governance and Legal Services will be maintained within NSS. This register will incorporate high value and portable items of equipment, e.g. IT equipment, that do not fall within the scope of Capital Expenditure. The register will be in a format approved by the Director of Finance, Corporate Governance and Legal Services and a full count of identified items will occur at a time period specified by the Director of Finance, Corporate Governance and Legal Services. Any discrepancies will be noted in writing to the Director of Finance, Corporate Governance and Legal Services who will investigate as appropriate.

## 13.03 Security of assets

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

The Director of Finance, Corporate Governance and Legal Services must approve asset control procedures (including fixed assets and donated assets). This procedure will 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.

All discrepancies revealed by verification of physical assets to fixed asset register will be notified to the Director of Finance, Corporate Governance and Legal Services.

Whilst each employee and officer have a responsibility for the security of the property of NSS, it is the responsibility of the Board and Executive Management Team members and senior employees in all disciplines to apply such appropriate routine security practices in relation to NSS property as may be determined by the Board. Any breach of agreed security practices must be reported in accordance with instructions.

Any damage to NSS's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by Board and Executive Management Team members and employees in accordance with the procedure for reporting losses. (See Section 18)

Where practical, assets will be marked as NSS property.

Upon the closure of premises or transfer of functions a physical check of all items will be conducted. All items held will be detailed on a list certified by the responsible officer, together with their disposition.

## Section 14: Banking arrangements

### 14.01 General

The Director of Finance, Corporate Governance and Legal Services is responsible for the management of NSS's banking arrangements and for advising NSS on the provision of banking services and operation of accounts.

NSS will operate the bank accounts in accordance with all relevant guidance issued by SGHSC.

The Government Banking Service (GBS) will hold NSS's main bank account. Where necessary, subsidiary bank accounts will be held with a commercial bank. All such bank accounts should be authorised by the Director of Finance, Corporate Governance and Legal Services.

### 14.02 Banking Procedures

The Director of Finance, Corporate Governance and Legal Services must agree in writing with NSS's bankers the conditions under which each account will be operated.

The Director of Finance, Corporate Governance and Legal Services will ensure that detailed instructions on the operation of bank and GBS accounts are prepared which must include:

- a) the conditions under which each bank account is to be operated.
- b) those authorised to sign cheques or other orders drawn on NSS's accounts; and
- c) the arrangements to be made for payments that may be required in other currency denominations.

### 14.03 Bank balances

All NSS accounts must be kept in positive balance. Any instance of an account being overdrawn, no matter how temporary, should be reported to the Audit and Risk Committee.

### 14.04 Provision of Imprests

The Director may request the Director of Finance, Corporate Governance and Legal Services to provide imprest accounts for the purposes of defraying minor expenses. The request will be in the form of a statement of case and will be by exception where existing processes cannot meet the requirement.

All imprest accounts will be reviewed annually for appropriateness.

## **14.05 Corporate Purchasing Cards**

The Director may request the Director of Finance, Corporate Governance and Legal Services to provide the use of a corporate purchase card for the purposes of procuring goods and services, where only card payment method is available the request will be in the form of a statement of case and will be by exception where existing processes cannot meet the requirement.

It is the responsibility of the Director to nominate a card holder or card user for their own area.

All corporate purchase card transactions will be reviewed annually for appropriateness by the Associate Director of Finance with the Director.

Daily and single transaction limits will be set by the Director of Finance, Corporate Governance and Legal Services based on the expected use of the card. Increases to those limits must be submitted by the card holder and approved by the Director of Finance, Corporate Governance and Legal Services.

## **14.06 Treatment of receipts**

The Director of Finance, Corporate Governance and Legal Services is responsible for ensuring appropriate arrangements are in place for approving the form of all agreement forms, or other means of officially acknowledging or recording monies received or receivable.

All electronic receipts received on behalf of NSS will be recorded and deposited in accordance with the arrangements authorised by the Director of Finance, Corporate Governance and Legal Services. No deduction may be made from such money to meet expenditure of any kind.

## **Section 15: Stocks and Stores**

### **15.01 Introduction**

Stocks and stores are those goods normally utilised in day-to-day activity but which at any point in time have not yet been consumed (excluding capital assets).

### **15.02 Custody of stocks**

The management, control and safe custody of stocks will be the responsibility of Directors who may delegate responsibility for specific items to appropriate managers.

The Directors will institute a system, approved by the Director of Finance, Corporate Governance and Legal Services, for the management, control and safety of stocks. Any stock loss should be considered for further investigation under Section 4 and any subsequent write off be dealt with in accordance with Section 18.

### **15.03 Stores records**

The Director of Finance, Corporate Governance and Legal Services will specify the form of stores records to be utilised, in conjunction with the control systems in place.

### **15.04 Movement of stocks**

The Director of Finance, Corporate Governance and Legal Services will ensure appropriate arrangements are in place to control the receipt and issue of stocks designed to safeguard the assets of NSS.

### **15.05 Valuation of stock**

Stock will be valued in line with agreed accounting practice. The use of average purchase price is deemed to represent cost where appropriate. Cost includes an appropriate allocation of overheads. Work in Progress will be valued at the cost of direct materials plus other conversion costs.

### **15.06 Slow moving and / or obsolete stock**

Directors will institute a system, approved by the Director of Finance, Corporate Governance and Legal Services, for the identification of slow moving and obsolete stock and for the condemnation, disposal and replacement of all unserviceable items.

Those stocks that have deteriorated or are no longer suitable for their intended purposes or usable for any other reason or may become obsolete or deteriorate before all of the stocks can be used, will be written down to their net realisable value. Where this is considered necessary, a report giving full reasons for the write down will be sent to the Director of Finance, Corporate Governance and Legal Services in such a form to enable a report to be prepared for the Chief Executive and the Board of the National Services Scotland. Details of all write downs will be included in the Annual Accounts of NSS and reported in accordance with the losses procedures (see Section 18 and Appendix II).

Any stocks disposed of must be recorded and advised to the Director of Finance, Corporate Governance and Legal Services for inclusion in such a form to enable a report to be prepared for the Chief Executive and the Board. The report will include details of the method of disposal employed, and the costs and/or income accruing.

## **15.07 Stock levels**

Directors will ensure that excess stocks are not held unnecessarily in any part of the supply chain.

Optimum levels of stock must be established by Directors and subjected to continuous monitoring and review as part of the management process.

Unless operational circumstances dictate otherwise, suppliers should be encouraged to hold goods until they are required by direct delivery.

## **15.08 Stock taking**

In order to monitor the effectiveness of measures taken to control stock, a regular programme of stock taking must be established. All stocks will be counted and recorded at least once during each financial year. Unless a programme for 'perpetual inventory' exists, all stocks will also be counted, valued and reported as at 31 March each year.

## **15.09 Stock certificates**

At each year-end it will be the Directors responsibility to supply the Director of Finance, Corporate Governance and Legal Services with a certificate for each store that details the value of stock held. The Director of Finance, Corporate Governance and Legal Services will agree the precise format of this certificate.

## **15.10 Stocks held on behalf of SGHSC**

NSS holds and manages a significant value of Scottish Government controlled stock including covid anti-viral, emergency planning and flu vaccination stock. The management of

this stock is performed by NSS as governed by the service level agreement dated 1 September 2015 between NSS and SGHSC. Regular reporting on this stock is provided by NSS to SGHSC in line with the requirements as noted in the service level agreement mentioned.

## **15.11 Delegation of authority**

The Scottish Government Health Resilience Unit (SGHRU) team have delegated authority to purchase replenishment stock and issue stock from their Pandemic Stock to National Procurement for the following sectors:

- Healthcare Sector
- Acute Hospital Sector
- Independent Sector GP
- Scottish Ambulance Service
- Social Care Sector

## **15.12 Reporting**

The Director for National Procurement will maintain an accurate and up-to-date record of stock balances, issues and replenishment order status. Weekly status reports and areas of risk will be provided and flagged.

## **15.13 Escalation**

In the event there is a dispute over the management of the stock this will be initially resolved at an operational level and if required escalated to the Director of National Procurement and the lead manager of the SGHRU.



## Section 16: Annual Report and Accounts

### 16.01 Introduction

Statutory Annual Report and Accounts will be completed each year for submission to the Board, prior to onward submission to SGHSC. These will be prepared in accordance with the provisions of the National Health Service (Scotland) Act 1978 and other related regulations in force.

### 16.02 Basis for preparation

The Annual Report and Accounts will comply with:

- International Financial reporting standards, as applied to the NHS.
- The accounting and disclosure requirements of the Companies Acts.
- The requirements of the Annual Accounts Manual issued by SGHSC.

The Annual Report and Accounts shall give a true and fair view of the income and expenditure, total recognised gains and losses, balance sheet and the cash flow statement.

### 16.03 Chief Executive Responsibilities

Preparation of the Governance Statement, which he or she shall seek appropriate assurances from the Directors and that of the Head of Internal Audit, with regard to the adequacy and effectiveness of internal control throughout the organisation.

### 16.04 Director of Finance, Corporate Governance and Legal Services Responsibilities

- Will ensure the maintenance of such detailed financial records as are required under relevant statute and regulations that will form the basis for the preparation of the Annual Accounts of NSS. (see also Section 17 – Information Governance).
- Issue an Annual Report and Accounts completion timetable to Directorate's and Financial Services detailing requirements and associated responsibilities for the provision of information in support of the Annual Accounts process.
- Agree with the External Auditors the timetable for production, audit and approval by the Board of the Annual Report and Accounts by for the Auditor General for Scotland and SGHSC.

## **16.05 Approval of Annual Report and Accounts**

The Annual Report and Accounts will be reviewed by the Audit and Risk Committee, which has responsibility of recommending approval of the Accounts by the Board.

Following the formal approval by the Board, NSS will submit to SGHSC the approved Annual Report and Accounts and such reports prepared in accordance with the requirements of SGHSC and any relevant guidance contained in the Annual Accounts Manual issued by SGHSC.

## Section 17: Information Governance

### 17.01 Financial Information Systems

The Director of Finance, Corporate Governance and Legal Services, who is responsible for the accuracy and security of the financial data of NSS, will:

- a) devise and implement any necessary procedures to ensure adequate protection of NSS's financial data, and related computer hardware and software, for which s/he is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for Data Protection principles.
- b) ensure that adequate controls exist over financial data access, entry, processing, storage, transmission, deletion, disposal 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 used in relation to financial procedures is separated from development, maintenance and amendment.
- d) ensure that a secure, adequate, management (audit) trail exists through the computerised system used in relation to financial procedures and that such computer audit reviews as s/he may consider necessary are being carried out. All audit data will be held securely and only accessed by those authorised to access it in line with their business duties.
- e) all policies and procedures will be in line with NSS corporate information governance related policies, procedures and guidelines.

The Director of Finance, Corporate Governance and Legal Services will satisfy them self that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Development, test and live financial systems shall be appropriately segregated to reduce the risk of unauthorised access to and corruption of live data. Where this is undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation. Any new financial systems or amendments to existing financial systems must be implemented in line with NHS Scotland Information Security Policy and Standards including HDL (2006) 41 and DL(0215)17. Where the new system or amendment involves the processing of personal data then the development will follow appropriate assessment of any data protection risks.

In the case of all computer systems which are to be utilised by the majority of the Directorate's, the Director of DaS will be responsible for maintaining:

- a) details of the outline design of the system.

- b) in the case of packages acquired either from a commercial organisation, from the NHS Scotland, or from another public sector organisation, the operational requirement.

The Director of Finance, Corporate Governance and Legal Services will ensure that contracts for computer services for financial applications with another health organisation or any other agency will clearly define the responsibility of all parties for the security, data protection, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes and that all applications and/or systems are purchased, developed, implemented, operated and decommissioned in line with the NHS Scotland Information Policy and Standards. Where the contract includes the processing of personal information it will be set in compliance with Data Protection principles and NHS CEL 25 (2011).

Where another health organisation or any other agency provides a computer service for financial applications, the Director of Finance, Corporate Governance and Legal Services will periodically seek assurances that adequate controls are in operation, and they conform to the NHS Scotland Information Security Policy and Standards. If this other organisation is processing personal data as part of the financial application, the assurances sought should, as a minimum, include those set out in NHS CEL 25 (2011).

Where computer systems have an impact on corporate financial systems the Director of Finance, Corporate Governance and Legal Services will satisfy them self that:

- a) systems acquisition, development and maintenance are in line with corporate policies such as NHS Scotland Information Security Policy and Standards.
- b) data produced for use with financial systems is secure, adequate, accurate, complete and timely, and that a management (audit) trail exists.
- c) staff authorised by/on behalf of the Director of Finance, Corporate Governance and Legal Services staff have authorised appropriate access to such data in line with their job duties; and
- d) such computer audit reviews as are considered necessary are being carried out.

## **17.02 Data Protection Act**

NSS must comply with provisions and principles of data protection law, including, but not restricted to, the EU General Data Protection Regulation, the Data Protection Act 1998 and the Data Protection Act 2018 including any amendments, subsequent orders under the said Acts or revisions thereto.

NSS's nominated Data Protection Officer is responsible in overall terms for promoting and advising on compliance with the Acts. All staff members must act in compliance with the Acts by observing the NSS Data Protection Policy and approved Information Governance policy and guidelines.

## 17.03 Freedom of Information

The NSS Freedom of Information, EIR & ROPSI Policy provides a framework for ensuring that NSS complies with the relevant legislation in respect of Freedom of information requests.

Further information is available on the Freedom of Information page of geNSS at [geNSS \(scot.nhs.uk\)](https://scot.nhs.uk)

The three relevant pieces of legislation are:

- Freedom of Information (Scotland) Act 2002 (referred to in this Policy as “FOISA”)
- Environmental Information (Scotland) Regulations 2004 (“EIRs”)
- The Re-Use of Public Sector Information Regulations 2015 (“ROPSI”)

Any member of staff may receive a Freedom of Information or Environmental Information Regulation request, either via email, hand-written letter or verbally. On receipt of the request this should be sent to the Corporate FOI team via email to [nss.foi@nhs.scot](mailto:nss.foi@nhs.scot).

## 17.04 Management, Retention and Disposal of Administrative Records

NSS must comply with the Public Records (Scotland) Act 2011 and the records management guidance set out in the Code of Practice on Records Management issued under Section 61 of the Freedom of Information (Scotland) Act 2002. CEL 31 (2010) Records Management: NHS Code of Practice (Scotland) provides guidance on the retention and disposal of administrative records.

Policies in relation to the above will be approved by the NSS Board in accordance with Standing Orders.

## Section 18: Losses and Special Payments

### 18.01 General

SGHSC has delegated authority to NSS to write-off losses and make special payments up to certain limits. Details are given in Appendix II. For payments to be made above the levels specified SGHSC prior approval must be obtained.

The Board in turn will delegate its responsibility to the Chief Executive and Director of Finance, Corporate Governance and Legal Services to approve write-off and authorise special payments.

On a regular basis and at least annually, the Director of Finance, Corporate Governance and Legal Services on behalf of the Chief Executive will submit a report to the Audit and Risk Committee detailing all losses written off and special payments made.

The Director of Finance, Corporate Governance and Legal Services is responsible for ensuring the maintenance of a Losses and Special Payments Register for recording: -

- the circumstances
- the amount / value involved
- the action taken
- the date of write-off authority

This Register will form the basis of NSS's Annual Scottish Financial Return (SFR 18) which is included in NSS's Annual Accounts.

The Chief Executive may delegate to nominated officers, authority to make ex-gratia payments below approved thresholds in line with procedures pertaining to such payments, e.g. compensation payments. All such payments must be notified to the Director of Finance, Corporate Governance and Legal Services and reported to the Audit and Risk Committee on at least an annual basis and reported in the Annual Accounts in accordance with the approved procedure for losses.

The Director of Finance, Corporate Governance and Legal Services will be authorised to take any necessary steps to safeguard NSS's interests in bankruptcies and company liquidations.

## Section 19: Non Public funds donated

### 18.01 General

Receipts of non public funds such as donations and funds from charitable activities will be donated to the Territorial Health Board which is associated with the geographic source of the funds. Should there be any subjectivity over the geographic source of the funds, then the Director of Finance, Corporate Governance and Legal Services will determine to which Territorial Board the funds should be passed to.

# Appendix I

## Protocol for the commitment of resources

### Level of Authority

### Delegated Limit

## 1.1 Capital Expenditure within NSS's Baseline Allocation

- |                                                                  |                                                                                                                                                                                   |
|------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) Director of Finance, Corporate Governance and Legal Services | The commitment of funds in respect of projects having a total gross cost of up to £500,000 in value which accord with the agreed Directorate's strategy approved by the Board.    |
| (b) Chief Executive                                              | The commitment of funds in respect of projects having a total gross cost of up to £1.0million in value which accord with the agreed Directorate's strategy approved by the Board. |
| (c) The Board                                                    | The commitment of funds in respect of projects having a gross total cost exceeding £1.0million.                                                                                   |

These arrangements are also subject to delegated capital limits as specified by SGHSC in the Scottish Capital Investment Manual, where the delegated limit for all capital projects is £1m. For capital projects greater than £1m approval is also required from the Capital Investment Group of SGHSC.

## 2.1 Revenue Expenditure within NSS's Baseline Allocation

- |                                                                  |                                                                                                                                                                                                                                                                                             |
|------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) Director                                                     | All expenditure contained in the Annual Financial Plan, including developments and the specified use of non-recurring funds, subject to the executive approval procedures contained in Standing Financial Instructions and in accordance with agreed policies on, for example, recruitment. |
| (b) Director of Finance, Corporate Governance and Legal Services | a) The commitment of pre-planned individual developments where funds become available up to £500,000 in value which accord with the agreed                                                                                                                                                  |

Directorate's Strategy but are not included in the Annual Financial Plan for that year.

- b) The utilisation of non-recurring funds not in the Financial Plan or covered by the delegated arrangements detailed above up to a total of £500,000 per development.
- (c) Chief Executive
- a) The commitment of pre-planned individual developments where funds become available up to £1million in value which accord with the agreed Directorate's Strategy but are not included in the Annual Financial Plan for that year.
  - b) The utilisation of non-recurring funds not in the Financial Plan or covered by the delegated arrangements detailed above up to a total of £1million per development.
- (d) NSS Board
- The bringing forward of pre-planned individual Revenue developments over £1million in value and the commitment of non-recurring resources not in the plan in excess of the limits specified above.

## **2.2 Revenue Expenditure for specific projects funded through separate SGHSC allocation**

Project Director

The commitment of funds up to the total gross cost of the agreed revenue budget as specified in the approved Business Case.

## **2.3 Revenue Expenditure for Services provided by NSS on behalf of other Health Boards**

Director

The commitment of funds up to the total gross cost of the revenue budget set in agreement with the relevant Health Boards.



## Appendix II

### Losses: delegated limits

The delegated limits are as per SGHSC circular CEL (2010) 10 are as follows:

		<b>Delegated Authority (per case) £</b>
	<b>Theft / Arson / Wilful Damage</b>	
1	Cash	15,000
2	Stores/procurement	30,000
3	Equipment	15,000
4	Contracts	15,000
5	Payroll	15,000
6	Buildings & Fixtures	30,000
7	Other	15,000
	<b>Fraud, Embezzlement &amp; other irregularities (inc. attempted fraud)</b>	
8	Cash	15,000
9	Stores/procurement	30,000
10	Equipment	15,000
11	Contracts	15,000
12	Payroll	15,000
13	Other	15,000
14	<b>Nugatory &amp; Fruitless Payments</b>	15,000
15	<b>Claims Abandoned</b>	
	(a) Private Accommodation	15,000
	(b) Road Traffic Acts	30,000
	(c) Other	15,000
	<b>Stores Losses</b>	
16	Incidents of the Service –	

	- Fire	30,000
	- Flood	30,000
	- Accident	30,000
17	Deterioration in Store	30,000
18	Stocktaking Discrepancies	30,000
19	Other Causes	30,000

**Losses of Furniture & Equipment**

**And Bedding & Linen in circulation:**

20	Incidents of the Service - Fire	15,000
	- Flood	15,000
	- Accident	15,000
21	Disclosed at physical check	15,000

**Delegated  
Authority  
(per case) £**

22	Other Causes	15,000
----	--------------	--------

**Compensation Payments - legal obligation**

23	Clinical	250,000
24	Non-clinical	100,000

**Ex-gratia payments:**

25	Extra-contractual Payments	15,000
26	Compensation Payments - Ex-gratia - Clinical	250,000
27	Compensation Payments - Ex-gratia - Non-Clinical	100,000
28	Compensation Payments - Ex-gratia - Financial Loss	25,000
29	Other Payments	2,500

**Damage to Buildings and Fixtures:**

30	Incidents of the Service	
----	--------------------------	--

	- Fire	30,000
	- Flood	30,000
	- Accident	30,000
	- Other Causes	30,000
31	<b>Extra-Statutory &amp; Extra-regulatory Payments</b>	Nil
32	<b>Gifts in cash or kind</b>	15,000
33	<b>Other Losses</b>	15,000

## Appendix III

### Sales contracts and income generation

#### AUTHORITY LIMITS

All income generation requires the prior approval of the Director of Finance, Corporate Governance and Legal Services or Chief Executive if the total lifetime value of a sales contract or Service Level Agreement (SLA) is or could be in excess of the undernoted limits.

Directorate	<b>SG Funding, Income Generated from NHSScotland and Third Parties</b> (£)	<b>Grant Income</b> (£)
Scottish National Blood Transfusion Services	100,000	500,000
Finance, Corporate Governance and Legal Services	100,000	100,000
National Procurement	100,000	500,000
Specialist and Screening Services	100,000	500,000
NHSScotland Assure	100,000	500,000
Practitioner Services	100,000	500,000
Digital and Security	100,000	100,000
Clinical	100,000	100,000
Human Resources and Workforce Development	100,000	100,000
Strategy, Performance and Service Transformation	100,000	100,000

Third Party contracts, SLAs, new sources of income generation and grant income whose value is or could exceed £1m requires the approval of the Finance, Procurement and Performance Committee prior to entering into any commitment with the customer. Conditional approval may be intimated in writing by the Director of Finance, Corporate Governance and Legal Services.

## Appendix IV

### Director of Finance, Corporate Governance and Legal Services Checklist

Reference	Requirement	Frequency	Committee
1.04	Adverse Events to SFIs.	Earliest opportunity	Finance, Procurement and Performance Committee
18.01	Ex Gratia payments to staff.	Annual	Audit and Risk Committee
8.04	Exceptions to procurement guidelines.	Quarterly	Finance, Procurement and Performance Committee
8.04	Advance payment (non-contractual) for goods/services.	Annual	Finance, Procurement and Performance Committee
9.02	Sole Source Justification report.	Annual	Finance, Procurement and Performance Committee
11.08	Spend on Management Consultancy.	Annual	Audit and Risk Committee
14.03	Any instance of being overdrawn with bank.	Earliest opportunity	Audit and Risk Committee
18.01	Report of losses and special payments made.	Annual	Audit and Risk Committee