



**NOT PROTECTIVELY MARKED**

**Public Board meeting**

**30 March 2022**

**Item No 07**

**THIS PAPER IS FOR APPROVAL**

**STANDING FINANCIAL INSTRUCTIONS REVIEW**

<b>Lead Director Author</b>	Julie Carter, Director of Finance, Logistics and Strategy Duncan Keith, Head of Finance
<b>Action required</b>	The Board is asked to approve the revised Standing Financial Instructions.
<b>Key points</b>	<p>The following sections of the SFI have been reviewed as planned</p> <p>Section 1 – Introduction Section 2 – Audit (now Section 3) Section 3 – Financial Targets (covered in Section 4) Section 4 – Business Planning, Budgetary Control &amp; Monitoring</p> <p>Section 1 – Roles and responsibilities have been updated and now form a new Section 2. To aid user understanding an explanation of terminology used within the SFI has been added to Section 1.</p> <p>Section 2 – The responsibilities of the Chief Executive as the Accountable Officer have been added. These were not included in the previous SFI.</p> <p>Section 3 – No significant changes to Audit Section 4 – No significant changes to Business Planning, Budgetary Control &amp; Monitoring with the financial targets moved to this section</p> <p>The revised SFIs were reviewed by the Audit Committee at its meeting in January 2022 and recommended to the Board for approval. A further change has been noted on page 71 (track changes) to reflect that the Responsible Delegate Officer for Information Governance including Freedom of Information will be the Chief Operating Officer from 1 April 2022.</p> <p>The full set of SFI are attached and the main amendments highlighted.</p>

<b>Timing</b>	Update to each Audit Committee in next 12 months in line with the review plan produced in October 2021 with any proposed revisions recommended to the Board for approval.
<b>Link to Corporate Objectives</b>	The Audit committee assists the Board to deliver its responsibilities for the conduct of public business and the stewardship of funds under its control
<b>Contribution to the 2020 vision for Health and Social Care</b>	Ensuring good stewardship of resources

# **SCOTTISH AMBULANCE SERVICE**

## **STANDING FINANCIAL INSTRUCTIONS**

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## SECTION 1 INTRODUCTION

1. These Standing Financial Instructions (SFIs) are issued for the regulation of the conduct of the Board, its Directors, Officers, and agents in relation to all financial matters. They shall have effect as if incorporated in the Standing Orders of the Board. Any procedural instructions issued in accordance with these Standing Financial Instructions shall have effect as if they are incorporated within these Standing Financial Instructions.
2. The Board of Directors shall delegate its executive responsibility for the performance of its functions to the Chief Executive. The Board shall exercise financial supervision and control:
  - by requiring the submission and approval of business plans and budgets.
  - by defining and approving essential features of financial arrangements in respect of financial systems and internal controls, including the need to obtain value for money; and
  - by defining specific responsibilities placed on Officers.
3. All employees, individually and collectively, are responsible for the security of the Board's property, avoiding loss and for economy and efficiency in the use of resources. All employees must comply with the requirements of Standing Orders, Standing Financial Instructions, and other financial procedures which the Director of Finance may issue.
4. The purpose of Standing Financial Instructions is to secure adequate measures of control over all transactions involving property or money with due regard to efficiency, economy, and security.
5. It shall be the duty of the Chief Executive or designated officer to ensure that existing employees and all new starts are notified of their responsibilities within these instructions.
6. The Chief Executive shall be responsible for the implementation of the Board's financial policies and for coordinating any corrective action necessary to further these policies, after taking account of advice given by the Director of Finance on all such matters. The Director of Finance shall be accountable to the Board of Directors for this advice.

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## Administration of Standing Financial Instructions

7. SFIs should be issued to all employees whose duties fall within the scope of the regulations contained therein.
8. A register shall record the control and issue of these instructions and future amendments.
9. Budget Holders should be asked periodically (not less than once per year) to confirm that staff under their control are made aware of the content of the SFIs and list areas where a conflict of interest may occur. All relevant new appointments should confirm that they have received, or have access to, a copy of the SFIs.
10. Wherever the title Chief Executive, Director of Finance or other nominated Officer is used in these instructions, it should be deemed to include such other Officers who have been duly authorised to represent them.
11. All references in these instructions to the masculine gender shall be read as equally applicable to the female gender.
12. Where appropriate terms used in these instructions shall have the same meaning as ascribed in the National Health Service (Scotland) Act 1978 and the National Health Service and Community Care Act 1990.

## Terminology

13. "Board" and "Health Board" means the Scottish Ambulance Service (SAS)
14. "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 functions of SAS
15. "Budget Holder" means the director or officer with delegated authority to manage finances (Income and Expenditure) for a specific area of the organisation
16. "Chief Executive" means the chief executive officer of SAS
17. "Director of Finance" means the executive financial officer of SAS
18. "Executive Team" means the committee of executive officers of SAS appointed by the Board and given authority by the Board to act in accordance with its remit
19. "Officer" means employee of SAS or any other person holding a paid appointment or office with SAS

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## **SECTION 2** **ROLES AND RESPONSIBILITIES**

### **The Board**

1. The Board are accountable to the Cabinet Secretary for Health and Wellbeing through the Scottish Government Health and Social Care Directorate (SGHSCD).
2. The key functions that the Board are accountable for are:
  - to set the strategic direction of the organisation within the overall policies and priorities of the Government and the NHS, define its annual and longer-term objectives and agree plans to achieve them.
  - to oversee the delivery of planned results by monitoring performance against objectives and ensuring corrective action is taken where necessary.
  - to ensure effective financial stewardship through value for money, financial control and financial planning and strategy.
  - to ensure that high standards of corporate governance and personal behaviour are maintained in the conduct of the business of the whole organisation.
  - to ensure that there is effective dialogue between the organisation and the community on its plans and performance and that these are responsive to the community's needs.
  - to appoint, appraise and remunerate senior executives.
3. In fulfilling these functions, the Board should
  - specify its requirements in organising and presenting financial and other information succinctly and efficiently to ensure that the Board can fully undertake its responsibilities.
  - be clear what decisions and information are appropriate to the Board and draw up standing orders, a schedule of decisions reserved to the Board and standing financial instructions to reflect this.
  - establish performance and quality targets that maintain the effective use of resources and provide value for money.

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- ensure that management arrangements are in place to enable responsibility to be clearly delegated to senior executives for the main programmes of action and for performance.
- establish audit and remuneration committees based on formally agreed terms of reference that conforms with extant Scottish Government instructions and other guidance on good practice.
- act within statutory financial and other constraints.

### The Chair

4. The Chair is responsible for leading the Board and for ensuring that it successfully discharges its overall responsibility for the organisation as a whole. It is the Chair's role to:

- provide leadership to the Board.
- enable all directors to make a full contribution to the Board's affairs and ensure that the Board acts as a team.
- ensure that key and appropriate issues are discussed by the Board in a timely manner.
- ensure the Board has adequate support and is provided efficiently with all the necessary data on which to base informed decisions.
- lead Non-Executive Directors through a formally appointed remuneration committee of the main Board on the appointment, appraisal and remuneration of the Chief Executive, other executive directors and other senior officials.
- appoint Non-Executive Directors to sub committees of the main Board.

### Non-Executive Directors

5. Non-Executive Directors are appointed by and on behalf of the Cabinet Secretary for Health and Wellbeing to bring an independent judgement to bear on issues of strategy, performance, key appointments and accountability through the NHS Scottish Government Health and Social Care Directorate to Ministers and to the community.

6. They are not involved in the operational management of the Service.

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7. Non-Executive Directors will be able to contribute to Board business from a wide experience and a critical detachment. They have a key role in working with the Chairman in the appointment of the Chief Executive and other Board members.
8. With the Chairman, they comprise the remuneration committee responsible for the appraisal and remuneration decision affecting executive Board members.
9. A major role of the Non-Executive Members will be in monitoring internal control as a member of the Audit Committee.
10. In addition, they support the Chief Executive and Executive Directors on specific functions agreed by the Board including oversight of staff relations with the general public and the media, clinical governance, participation in professional conduct and competency enquiries, staff disciplinary appeals and grievances, procurement of information management and technology.

### **The Chief Executive (Accountable Officer)**

11. 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 SAS as Accountable Officer
12. 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. The memorandum was updated in April 2006.
13. The Accountable Officer is personally answerable to the Scottish Parliament for the propriety and regularity of the public finances for SAS. 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.
14. It is incumbent upon the Accountable Officer to combine their duties as Accountable Officer with their duty to the Board to whom they are 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.
15. The Accountable Officer has a personal duty of signing the Annual Report and Accounts for SAS. Consequently, they may also have the further duty of being a witness before the Audit Committee of the Scottish Parliament and be expected to deal with questions arising from the Accounts, or, more commonly from reports made to Parliament by the Auditor General for Scotland.

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16. The Accountable Officer must ensure that any arrangements for delegation promote good management, and that they are supported by the necessary staff with an appropriate balance of skills. This requires careful selection and development of staff and the sufficient provision of special skills and services.

17. The specific responsibilities of the Accountable Officer are:

- 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.
- sign the Accounts assigned to them, and in doing so accept personal responsibility for ensuring that they are prepared under the principles and in the format directed by Scottish Ministers.
- ensure that proper financial procedures are followed incorporating the principles of separation of duties and internal check and that accounting records are maintained in a form suited to the requirements of the relevant Accounting Manual, as well as in the form prescribed for published accounts.
- ensure that the public funds for which they are responsible are properly managed and safeguarded, with independent and effective checks of cash balances in the hands of any official
- ensure that the assets for which they are responsible, such as land, buildings or other property, including stores and equipment, are controlled and safeguarded with similar care, and with checks as appropriate.
- ensure that, in the consideration of policy proposals relating to expenditure, or income, for which they have responsibilities as Accountable Officer, all relevant financial considerations, including any issues of propriety, regularity or value for money, are considered, and where necessary brought to the attention of the Board.
- ensure that any delegation of authority is accompanied by clear lines of control and accountability, together with reporting arrangements.
- ensure that effective management systems appropriate for the achievement of the organisation's objectives, including financial monitoring and control have been put in place.

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- ensure that risks, whether to achievement of business objectives, regularity, propriety, or value for money, are identified, that their significance is assessed and that systems appropriate to the risks are in place in all areas to manage them
- ensure that best value from resources is sought, by making proper arrangements to pursue continuous improvement having regard to economy, efficiency, and effectiveness, and in a manner which encourages the observance of equal opportunities requirements.
- ensure that managers at all levels have a clear view of their objectives, and the means to assess and measure outputs or performance in relation to those objectives.
- ensure managers at all levels are assigned well-defined responsibilities for making the best use of resources (both those assumed by their own commands, and any made available to organisations or individuals outside SAS) 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.

18. Accountable Officers have 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 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.

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

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20. If an Accountable Officer considers that, despite their advice to the contrary, the Board is contemplating a course of action which they consider would infringe the requirements of regularity or propriety, and that they would be required to take action that is inconsistent with the proper performance of their duties as Accountable Officer, they should, if possible, inform the Scottish Government Health Directorate's Accountable Officer, so that the Department, if it considers it appropriate, can intervene, and inform Scottish Ministers. If this is not possible, the Accountable Officer should set out in writing their objection to the proposal and the reasons for the objection. If his advice is overruled, and the Accountable Officer does not feel that they would be able to defend the proposal to the Audit Committee of the Scottish Parliament, as representing value for money, they should obtain written instructions from the Board for which they are designated and send a copy of their request for instruction and the instruction itself as soon as possible to the External Auditor and the Auditor General for Scotland.

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

22. The Accountable Officer should ensure that they are generally available for consultation and that in any temporary period of unavailability due to illness or other cause, or during the normal period of annual leave, a senior officer is identified to act on their behalf if required.

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

24. Where an Accountable Officer is unable by reason of incapacity or absence to sign the Accounts in time for them to be submitted to the Auditor General, the Board may submit unsigned copies, pending the return of the Accountable Officer.

### Director of Finance

25. The Director of Finance shall be responsible for:

- the provision of financial advice to the Board and its Officers
- the implementation of the Board's financial policies
- the design, implementation, and supervision of systems of financial control, including the adoption of Standing Financial Instructions.

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- 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
- the financial management of the Board's resources to ensure that the Board meets its financial targets. This will be carried out by means of budgetary planning and control, financial reporting, and treasury management amongst other things
- ensuring that the Board discharges its responsibilities in respect of public accountability and stewardship of funds. Included in this remit is the production of statutory accounts and the provision of a sound control environment.
- the detailed preparation and submission to the Scottish Government of accurate and timely financial proforma, monitoring returns, annual accounts and other information which the Scottish Government determines it requires to discharge its monitoring responsibilities.
- the consideration of the bases and assumptions used in the preparation of each budget, statement, forecast, or report provided to the Board and the provision of advice to the Board as to whether any such basis or assumption is reasonable; and the monitoring of delegated budgets in order that where an unfavourable variance is shown, corrective action may be instigated on a timely basis.

26. The Director of Finance shall prepare, document and maintain detailed financial procedures and systems incorporating the principles of separation of duties and internal checks to supplement these instructions.

27. The Director of Finance shall be responsible for the establishment and provision of an internal audit service which meets the audit requirements as set out in the NHS in Scotland Internal Audit Manual.

28. The Director of Finance shall ensure that the Board is achieving overall value for money in its operations.

29. The Director of Finance shall require, in relation to any officer who carries out a financial function, that the form in which the officer discharges his duties shall be to the Director's satisfaction

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## **SECTION 3**

### **AUDIT**

#### **Audit Committee**

1. In accordance with Standing Orders the Board shall establish an Audit Committee which will provide an independent and objective view of internal control by:
  - overseeing Internal and External Audit services.
  - reviewing financial systems.
  - ensuring compliance with Standing Orders and Standing Financial Instructions.
  - reviewing schedules of losses and compensation payments and making recommendations to the Board.
2. Where the Audit Committee feel there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wish to raise, the Chair of the Audit Committee should raise the matter at a full meeting of the Board. Exceptionally, the matter may need to be referred to the Scottish Government Health and Social Care Directorate.
3. It is the responsibility of the Director of Finance to ensure an adequate internal audit service is provided and the Audit Committee shall be involved in the selection process when an internal audit service provider is changed.

#### **Director of Finance**

4. The Director of Finance is responsible for:
  - ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control and efficient use of resources by the establishment of an adequate internal audit function.
  - ensuring that the internal audit is adequate and meets the NHS mandatory audit standards, based upon the principles described in Volume 1 of the NHS Internal Audit Manual issued by the NHS Training Authority and the Healthcare Financial Management Association; and NHS Internal Audit Standards issued with NHS MEL(1996)42

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- investigating fraud, misappropriation, and other irregularities in conjunction with appropriate officials and organisations.
  - ensuring that an annual audit report is prepared for the consideration of the Audit Committee and the Board. The report must cover:
    - progress against plan over the previous year
    - major internal financial control weaknesses discovered
    - progress on the implementation of internal audit recommendations
    - strategic audit plan covering the coming three years
    - a detailed plan for the coming year
5. The Director of Finance or designated auditors are entitled, without necessarily giving prior notice, to require and receive:
- access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature.
  - access at all reasonable times to any land, premises or employee of the Board.
  - the production of any cash, stores, or other property of the Board under an employee's control.
  - explanations concerning any matter under investigation.

### Role of Internal Audit

6. Internal audit's primary objective is to assist the various levels of management in discharging its duties and responsibilities by carrying out appraisals and making the necessary and appropriate recommendations to management for operations under its control
7. It shall be the responsibility of the Chief Internal Auditor to review, appraise and report upon:
- the programme of work approved by the Audit Committee.

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- the extent of compliance with, and the financial effect of, relevant detailed policies, plans and procedures.
  - the adequacy and application of financial and other related management controls.
  - the suitability of financial and other related management data.
  - the extent to which the Board’s assets and interests are accounted for and safeguarded from loss of any kind, arising from:
    - fraud and other offences (where malpractice is suspected, the Director of Finance shall be notified immediately)
    - waste, extravagance and inefficient administration, poor value for money or other causes;
  - the efficient use of resources and achievement of value for money
  - the adequacy of follow-up action to his reports
8. Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores or other property or any suspected irregularity in the exercise of any function of a pecuniary nature, the Director of Finance must be notified immediately.
9. The Chief Internal Auditor will normally attend Audit Committee meetings and has a right of access to all Audit Committee Members, the Chairman and Chief Executive of the Board.
10. The Chief Internal Auditor will submit his reports to the Director of Finance.
11. Internal Audit services should be tendered for every three years.
12. The Internal Auditors will be appointed by, and report to, the Audit Committee.
13. The Chief Internal Auditor shall prepare and submit to the Audit Committee, Strategic Audit Plans to indicate the extent of audit cover proposed and to demonstrate the ability of the anticipated audit resources to address the Board’s internal audit needs,
14. The Chief Internal Auditor shall report quarterly to the Audit Committee on the extent of audit cover achieved, providing a summary of audit activity during the report period, and detailing the degree of achievement of the approved plan.

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15. The Chief Internal Auditor shall submit an annual report of the Internal Audit function to the Audit Committee and through them to the Board of Directors indicating the extent of audit cover achieved and providing a summary of audit activity during the year.

### External Audit

16. The external auditor is appointed by Audit Scotland and paid for by the Board. The Audit Committee must ensure a cost-efficient service is received from the external auditors.
17. Should there appear to be a problem, then this should be raised with the external auditor and referred to the Accounts Scotland if the issue cannot be resolved.
18. The external auditor has the right of access to all papers and other records relating to the Board's financial accounting and auditing matters.
19. External Auditors must carry out their duties in accordance with professional auditing standards and guidelines. The external auditor responsibilities are:
- to give an opinion as to whether the Board's annual accounts "present fairly" its financial position.
  - to ascertain whether the Board has taken reasonable steps to safeguard against fraud and corruption.
  - they must satisfy themselves that the Board is doing only what is allowed by law to do and that it is complying with statutory requirements and National policies
20. The external auditor in addition to checking that public funds are being used for the purposes provided may also be required to ensure that the Board is achieving best value for money from the public funds with which it has been entrusted
21. To ensure that there is no duplication, particularly in planning, the external auditors must co-operate closely with the internal auditors
22. The Board will ensure that, where accepted, recommendations from external audit are acted upon within a reasonable time limit.

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## **SECTION 4**

### **BUSINESS PLANNING, BUDGET SETTING AND CONTROL**

#### **Business Planning**

1. The Board is required by statutory provisions made under Section 85 of the National Health Services (Scotland) Act 1978, as amended by the Health Services Act 1980 to perform its functions within the total of the funds allocated by the Cabinet Secretary for Health and Wellbeing plus income generated from other sources, and all plans financial approval systems and budgets shall be designed to meet these obligations.
2. The Scottish Government has set the following financial targets for all Health Boards:
  - to operate within the revenue resource limit.
  - to operate within the capital resource limit.
  - to operate within the cash requirement.
3. The Chief Executive with the assistance of the Executive Directors shall compile and submit to the Board of Directors and the Scottish Government Health and Social Care Directorate, strategic and operational plans (Local delivery plans) in accordance with the guidance issued by the Scottish Government. This planning process will include input from the Director of Workforce in respect of forecasts on pay awards and performance related pay and in relation to workforce planning.

The Local Delivery Plan shall be reconcilable to an annual update of the financial pro formas which the Director of Finance will prepare and submit to the Board and the Scottish Government Health and Social Care Directorate.
4. The finalised Local Delivery Plan must be formally approved by the Board, with or without amendment, prior to submission to the Scottish Government Health and Social Care Directorate.
5. The Local Delivery Plan is developed in line with current Scottish Government guidelines and timetables, and the Director of Finance shall periodically review the bases and assumptions used to prepare it and shall advise the Board whether it is realistic and achievable.
6. The Director of Finance shall report to the Board of Directors any significant in-year variance from the Local Delivery Plan, and shall advise the Board on action required.

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7. The Director of Finance shall also compile and submit to the Board such financial estimates and forecasts, on both revenue and capital items, as may be required from time to time. Consequently, the Director of Finance shall have the right of access to all budget holders on budgetary related matters.

### **Budget Setting**

8. The Director of Finance shall, on behalf of the Chief Executive and in advance of the financial year to which they refer, prepare and submit budgets within the forecast limits of available resources and planning policies to the Board of Directors for approval.
9. Executive Directors and Officers will provide the Director of Finance with all financial, statistical and other relevant information as necessary for the compilation of such business plans, estimates and forecasts.
10. These budgets will:
- be in accordance with the aims and objectives set out in the Local Delivery Plan and financial plan
  - accord with workload and manpower aims
  - be produced following discussion with appropriate budget holders
  - be prepared within the limits of available funds
  - identify potential risks
11. The Director of Finance shall devise and maintain systems of budgetary control.

All officers who are empowered by the Board to:

- engage staff; or otherwise
- incur expenditure; or
- collect or generate income

shall comply with the requirements of those systems.

The systems of budgetary control shall incorporate the reporting of and investigation into, financial activity, or manpower variances from budget. The Director of Finance shall be responsible for providing budgetary information and advice to enable the Chief Executive and other officers to carry out their budgetary responsibilities.

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Such budgetary control reports shall be presented to the Board for their consideration.

### **Budgetary Delegation**

12. The Board shall delegate the management of the Financial Plan to the Chief Executive who may in turn delegate the management of a budget or part of a budget to Officers to permit the performance of defined activities. The terms of delegation shall include a clear definition of individual and group responsibilities for control of expenditure, exercise of virement, achievement of planned levels of service and the provision of regular reports upon the discharge of those delegated functions to the Chief Executive.
13. In carrying out their duties:
  - The Chief Executive shall not exceed the budgetary or virement limits set by the Board of Directors.
  - The Chief Executive may vary the budgetary limit of an Officer within the Chief Executive's own budgetary limit.
  - Heads of Department/Divisions have the authority of expenditure virement between the various lines within budgets under their control.
  - Officers shall not exceed the budgetary limits set for them by the Chief Executive unless authorised to do so by the Chief Executive.
14. Any budgeted funds not required for their designated purpose shall revert to the immediate control of the Chief Executive, unless covered by delegated powers of virement.
15. Expenditure for which no provision has been made in an approved budget and not subject to funding under the delegated power of virement, shall only be incurred after authorisation by the Chief Executive, Director of Finance or the Board of Directors as appropriate.
16. Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive.
17. The Director of Finance shall keep the Chief Executive and the Board informed, in consultation with other Executive Directors, of the financial consequences of changes in policy, pay awards and other events and trends affecting budgets and shall advise on the financial and economic aspects of future plans and projects.

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## Budgetary Control and Reporting

18. The Director of Finance will devise and maintain systems of budgetary control.

These will include:

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

19. Each budget holder is responsible for ensuring that:

- (a) any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Director of Finance.
- (b) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement.

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- (c) no permanent or temporary employees are appointed without the approval of the Director of Workforce, and then only those provided for within the budgeted establishment as approved by the Board.
20. Budget holders are responsible for identifying and implementing cost improvements and income generation initiatives in accordance with the requirements of the Annual Business Plan and a balanced budget.

### Capital Expenditure

21. The general rules applying to delegation and reporting shall also apply to capital expenditure (refer to Scheme of Delegation). The instructions relating to capital are contained in Section 12.

### Monitoring

22. The Director of Finance is responsible for ensuring that the appropriate monitoring forms are submitted to the Scottish Government within the prescribed timescale. It is the responsibility of the Director of Finance to ensure that the financial information presented to the Scottish Government is consistent with financial information presented to Board.
23. The Director of Finance is responsible for ensuring that efficiency programmes and savings are monitored, and any concerns reported to the Board.

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## **SECTION 5**

### **THE ANNUAL ACCOUNTS AND THE ANNUAL REPORT**

1. The Director of Finance and Logistics shall ensure that proper books of account and relevant records are maintained for the purpose of preparing the Annual Accounts.
2. The Director of Finance and Logistics shall prepare an Annual Financial Report for submission to the Board of Directors, officers and other persons who need to be aware of the Board's financial performance.
3. The Director of Finance and Logistics or his nominated representative shall prepare procedural instructions on the preparation of annual accounts and reports, as appropriate. Such instructions shall have effect as if incorporated in these Standing Financial Instructions.
4. The Director of Finance and Logistics on behalf of the Board of Directors shall prepare, certify and submit Annual Accounts to the Chief Executive in respect of each financial year and in such a form as the Cabinet Secretary for Health and Well-being may, with the approval of the Treasury direct
5. The Director of Finance and Logistics shall submit the Annual Accounts to the external auditor appointed by the Audit Scotland and the external auditors shall provide an audit opinion on these accounts.
6. The Annual Accounts and audit opinion shall be considered by the Board Audit Committee, prior to presentation to the full Board for approval.
7. The Chief Executive, on receiving the certified Annual Accounts from the Director of Finance and Logistics, shall present them to the Board and, having thereafter certified that they have been duly approved by the Board, forward them to the Cabinet Secretary for Health and Well-being, through the Scottish Government Health Directorate.
8. The Director of Finance and Logistics shall prepare and submit other returns as directed by the Cabinet Secretary for Health and Well-being. The annual accounts and returns shall be prepared in accordance with guidance issued by the Cabinet Secretary for Health and Well-being detailing the accounts and returns to be prepared and the timetable for submission to the Scottish Government Health Directorate.
9. The Chief Executive shall prepare and submit to the Cabinet Secretary for Health and Well-being an Annual Report in such form as may be determined by the Cabinet Secretary for Health and Well-being, within six months of the end of the financial year to which it relates.

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## **SECTION 6**

### **BANKING AND SECURITY OF CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUMENTS**

1. The Director of Finance is responsible for managing the Board's banking arrangements and for advising the Board on the provision of banking services and operation of accounts. This advice shall take into account guidance and directions issued by the Scottish Government.
2. The Director of Finance shall ensure that the banking arrangements operate in accordance with the Scottish Government banking contract and the Scottish Public Finance Manual.
3. All funds of the Board shall be held in bank accounts in the name of **SCOTTISH AMBULANCE SERVICE**.
4. No officer other than the Director of Finance shall open a bank account in the name of the Board and no bank accounts should be opened that could be interpreted as belonging to the Board. This includes accounts in the name of ambulance stations or specific functions within the Service.
5. The Director of Finance shall advise bankers in writing of the conditions under which such accounts shall be operated, the limits applied to any overdraft, those officers authorised to approve payments and the limitation on single signatory payments.
6. The Director of Finance shall ensure that all monies received is banked intact and in a timely manner and that funds from Scottish Government are drawn down only at the time of need to meet approved expenditure.
7. The use of credit cards will be made under arrangements approved by the Director of Finance. This will include card approvals, appropriate use, financial limits and card security.
8. Each bank account operated by the Board must be reconciled each month and the reconciliation reviewed by a senior manager in the Finance Department and signed by that person as having been reviewed and approved.

#### **Security of Cash, Cheques and Other Negotiable Instruments**

9. The Director of Finance shall:
  - (a) approve the stationery for officially acknowledging or recording monies received or receivable, and keeping this secure;

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- (b) provide adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys and for coin operated machines; and
  - (c) approve procedures for handling cash and negotiable securities on behalf of the Board.
10. Money in the custody of the Board shall not under any circumstances be used for the encashment of private cheques.
11. All cheques, postal orders, cash etc. shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Director of Finance.
12. Summaries of cash takings and cheques received must be reconciled to the bank statement at no more than monthly intervals.
13. The holders of safe keys or security codes shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Board is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Board from responsibility for any loss.
14. During the absence of the individual having access to the safe or cash box, the employee who acts in his/her place shall be subject to the same controls. There shall be a written discharge for the safe and/or cash box contents on the transfer of responsibilities and the discharge documents must be retained for inspection.

### Cheques

15. All unused cheques and other orders shall be subject to the same security precautions as are applied to cash.
16. Any loss or shortfall of cash, cheques, or other negotiable instruments, however occasioned, shall be reported immediately in accordance with the agreed procedure for reporting losses.

### Staff

17. Staff shall be informed in writing, on appointment, of their responsibilities and duties for the collection, handling or disbursement of cash, cheques, etc.

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## **SECTION 7**

### **INCOME, FEES AND CHARGES**

#### **General**

1. The Director of Finance is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due.

#### **Fees and Charges**

2. The Director of Finance is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Scottish Government Finance Directorate or by Statute.
3. The Director of Finance shall approve the level of rentals for newly acquired property and shall regularly review rental and other charges.
4. Independent professional advice on matters of valuation shall be taken as necessary.
5. All Officers must inform the Director of Finance promptly of money due to the Board arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.
6. The Management of Income Policy and supporting procedures shall be followed by all employees involved in income generating activities.

#### **Debt Recovery**

7. The Director of Finance shall take appropriate recovery action on all outstanding debts including write-off after all reasonable steps have been taken to secure payment.
8. Income not received shall be dealt with in accordance with losses procedures.
9. Bad debts should be written off in accordance with approved authorisation limits.
10. A provision for bad and doubtful debts may be made if considered prudent but a debt should not be recorded in the losses register until such time as it has been authorised for write off in accordance with the limits laid down.
11. Any overpayment should be detected, recovery initiated and taken to resolution.

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## **SECTION 8**

### **CONTRACTING FOR THE PROVISION OF SERVICES**

1. The Chief Executive shall be responsible for establishing Service Level Agreements (SLAs) for the provision of services to purchasers in accordance with the Local Delivery Plan and for establishing the arrangements for providing extra-contractual services. In carrying out these functions, the Chief Executive should take into account the advice of the Director of Finance and Logistics regarding:
  - costing and pricing of services
  - payment terms and conditions
  - amendments to SLAs and extra-contractual arrangements;and the Director of Human Resources and Organisational Development for pay settlements
2. All SLAs for the provision of services must be signed by an Executive Director in accordance with the Scheme of Delegation.

#### **Service Level Agreements**

3. All SLAs must be endorsed by the Director of Finance and Logistics, and appropriate Head of Department/Division or senior operational manager prior to signing in accordance with the SFIs. The Director of Finance and Logistics and an appropriate senior operational manager should ensure that the SLAs have been fully reviewed by the Finance Department, and the Director of Service Delivery, prior to signature.

#### **Extra Contractual Referrals: (OATS - out of area transfers)**

4. Invoices shall be raised in accordance with the procedures laid down in the NHS Contracting Manual in respect of patients who are to be transported as Out of Area Transfers.

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## **SECTION 9**

### **TERMS OF SERVICE AND PAYMENT OF DIRECTORS AND EMPLOYEES**

#### **THE REMUNERATION COMMITTEE**

##### **Purpose of the Remuneration Committee**

The Remuneration Committee shall be a sub-committee of the Staff Governance and Remuneration Committee and will ensure that the application and implementation of fair and equitable pay systems on behalf of the Board, as determined by Ministers and the Scottish Government, and described in MEL (1993) 114 and subsequent amendments. The Remuneration Committee may consider additional confidential employee matters on behalf of the Board.

##### **Chair and Membership of the Remuneration Committee**

1. The Committee shall comprise the Chairman of the Board (Chairman) plus a minimum of three Non Executive Directors, appointed by the Board, one of which shall be the Employee Director.
2. The Chief Executive, Director of Human Resources and Organisational Development and other Directors of the Board may be invited to attend the meeting of the Committee but shall not be present when their own remuneration and terms of service are being discussed, but may attend meetings of the Committee to discuss other officers' terms.

##### **Meetings of the Remuneration Committee**

3. The Committee shall meet at least twice a year and shall report back to the subsequent Board meeting what it has been considering and the basis of its conclusions.
4. Remuneration issues may arise between meetings and will be brought to the attention of the Chair of the Remuneration Committee by the Chief Executive or the Director of Human Resources and Organisational Development. The Chair may call a special meeting of the Remuneration committee to address the issue.
5. Meetings will be called by the Chairman but, exceptionally, by the Non Executive Director members of the Committee (other than the Chairman) provided they all agree on such action.

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## Requirements to be quorate for the Remuneration Committee

6. A quorum shall be three members of the committee.

## Terms of Reference

7. The main functions are:

- To agree all Terms and Conditions of Employment of Executive Directors, including Job Descriptions, Terms of Employment, Basic Pay, Performance Pay, Bonuses and other benefits (including Pension and Car arrangements). The Committee will also review and agree objectives for Executive Directors and the appraisal of these objectives.
- To review regularly the Board's policy and arrangements for the remuneration of senior staff to include Terms and Conditions of Employment, job evaluation and salary arrangements, objective setting, Performance Appraisal, Performance Pay and other benefits. In fulfilling these functions, the Committee will take account of any guidance issued by the Scottish Government Health Directorate and good employment practice as well as the need to recruit, retain, reward and motivate key staff.
- To act as the formal Appointments Committee for Executive Director appointments.

## Funded Establishment

8. The workforce plans incorporated within the annual budget will form the funded establishment.
9. Variations to the funded establishment may only be made after approval by the Director of Personnel and Training in consultation with the respective Executive Director and provided that the total cost is contained within the approved budget and funded establishment.

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## Staff Appointments

10. No Director or Officer may engage or regrade employees, either on a permanent or temporary basis, or hire agency staff, or agree to a change in any aspect of remuneration, unless authorised to do so by the Director of Human Resources and Organisational Development. Where the Human Resources Department are involved then such authorisation will be given by the Chief Executive.

For operational staff the Director of Human Resources and Organisational Development will consult with the Director of Service Delivery.

11. The Board will approve procedures presented by the Director of Human Resources and Organisational Development for the determination of commencing pay rates, condition of service etc for employees.
12. With the exception of those staff covered by the Remuneration Committee and the staff within her own Department, the Director of Human Resources and Organisational Development will be responsible for the approval of all grading reviews. For the HR any grading reviews will be approved by the Chief Executive.
13. Any regradings will be funded from within the existing budget.

## Processing of Payroll

14. The Director of Finance and Logistics is responsible for:
- (a) specifying timetables for submission of properly authorised time records and other notifications;
  - (b) the final determination of pay, including the verification that the rate of pay and relevant conditions of service are in accordance with current agreements;
  - (c) making payment on agreed dates; and
  - (d) specifying method of payment.
  - (e) the proper compilation of the payroll and for payments made.

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15. The Director of Finance and Logistics 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;
  - (c) maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
  - (d) security and confidentiality of payroll information;
  - (e) checks to be applied to completed payroll before and after payment;
  - (f) authority to release payroll data under the provisions of the Data Protection Act;
  - (g) methods of payment available to various categories of employee;
  - (h) procedures for payment by bank credit or cheque to employees;
  - (i) procedures for the recall of cheques and bank credits;
  - (j) pay advances and their recovery;
  - (k) maintenance of regular and independent reconciliation of pay control accounts;
  - (l) the recovery from leavers of sums of money and property due by them to the Board.
16. Appropriately nominated officers have delegated responsibility for:
- (a) submitting time records and other notifications in accordance with agreed timetables;
  - (b) completing time records and other notifications in accordance with the Director of Finance and Logistics' instructions and in the form prescribed by him;
  - (c) submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's resignation, termination or retirement.

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- (d) Where an employee fails to report for duty in circumstances that suggest they have left without notice, the Director of Human Resources and Organisational Development must be informed immediately; and
  - (e) submitting a signed copy of the appointment form to the Human Resources Department and such other documents as required to the Payroll Services Manager immediately upon the employee commencing duty.
  - (f) The Director of Finance and Logistics shall be notified immediately upon the effective date of any change in state of employment or personal circumstances of an employee being known.
17. Regardless of the arrangements for providing the payroll service, the Director of Finance and Logistics shall ensure that the chosen method is supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures and that suitable arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies.

### **Contract of Employment**

18. The Board shall delegate responsibility to the Human Resources Department for:
- (a) ensuring that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation; and
  - (b) dealing with variations to, or termination of, contracts of employment.

### **Executive Pay - Authorisation**

19. The Director of Finance and Logistics is responsible for the final determination of pay, including the verification that rate of pay and relevant conditions of service are in accordance with current agreements.
20. The Pay and Conditions of Service of those staff covered by Executive pay arrangements are covered by Scottish Government Health Directorate Letters (CELs).
21. The implementation of CELs are mandatory for Health Boards.

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## Recommendations and Authorisation Process

### 22. Recommendations:

- (a) Recommendations for a change in a rate of pay for any employee on a Executive Pay scale should be submitted to the Remuneration Committee in the first instance
- (b) The Committee will ensure that the recommendations comply with the relative Circulars and once satisfied that they are in order will indicate their approval by instructing the Chairman of the Remuneration Committee to arrange for the amendments to be actioned in accordance with the following authorisation process.

### 23. Subject to the above, the following authorisation procedure should be followed:

To ensure that no one person may authorise a change in the rate of pay applicable to a senior manager the amount payable to:

- (a) the Chief Executive will be authorised by the Chairman of the Remuneration Committee and a Non Executive Director.
- (b) Executive Directors will be authorised by the Chairman of the Remuneration Committee and the Chief Executive.
- (c) Divisional Managers will be authorised by the Director of Service Delivery and the Director of Human Resources and Organisational Development.
- (d) any other staff on Executive pay will be Authorised by the Human Resources and Organisational Development and the Director of Finance and Logistics.

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## **SECTION 10**

### **NON-PAY EXPENDITURE**

#### **PROCUREMENT**

##### **Introduction**

1. The purpose of this section is to outline the key controls for the proper management of expenditure with third party suppliers for budget holders and other stakeholders.
2. This will be supplemented by more detailed written processes for Procurement staff and procedures for stakeholders.
3. The Head of Procurement has overall responsibility for procurement processes and procedures within the Scottish Ambulance Service as delegated by the Director of Finance. Procurement processes will be based on the Scottish Government's Procurement Journey.

##### **Public sector procurement**

4. The Scottish Ambulance Service is required to comply with public procurement legislation which is based on EU Directives. The underlying principles of this legislation are:
  - Transparency
  - Equal treatment and non-discrimination
  - Proportionality
  - Mutual recognition
5. This means that public sector procurement processes must be fair, open, not disproportionately demanding and provide opportunities to suppliers in all EU member states. The legislation is very specific regarding the procurement process and in some cases prescribes timescales for particular stages that must be followed.
6. In addition, the Service is required to comply with the Procurement Reform (Scotland) Act 2014. This legislation created 'regulated procurements' between £50,000 for goods and services (£2m for works) and the prevailing threshold for the application of the EU Directives, and brought in additional requirements that must be met including the sustainable procurement duty.

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7. In order that these requirements can be properly met it is important that budget holders and other appropriate stakeholders involve Procurement as early as possible in planning for third party expenditure. **Budget holders must have funding available from their budget, or approval of funding (budgetary approval) from the Executive Team before commissioning a procurement process.**

**From 1<sup>st</sup> April 2018 an additional PECOS system control is being put in place for all non contract purchases whereby prior to final purchase the finance team are required to approve the purchase subject to budget being available.**

### **Collaborative procurement (framework contracts)**

8. Collaborative procurement (i.e. procurement undertaken by or on behalf of groups of public sector buying authorities to achieve best value) is increasingly common. The Scottish Ambulance Service will support and utilise these framework contracts unless there is a compelling reason why not which has been documented and signed off in accordance with the Service's scheme of delegation.
9. The Scottish Ambulance Service will also support the move towards commitment contracts unless there is a compelling reason why not which has been agreed with the appropriate buying authority and is documented and signed off in accordance with the Service's scheme of delegation.

### **Advertising**

10. Where a suitable collaborative contract does not exist, the first stage in the procurement process is ensuring adequate publicity for appropriate opportunities. Purchases/contracts in excess of £50,000 should be advertised on the Public Contracts Scotland portal (lower value purchases may also be advertised). Purchases/contracts in excess of the relevant EU threshold must also be advertised in the Official Journal of the European Union. Contract values should be based on the duration of the contract, not just a 12 month period. The Procurement team have electronic access to submit adverts to these publications on behalf of budget holders.

### **Procurement processes**

11. The Procurement team will support budget holders to complete the appropriate procurement process for the relevant level of purchase. The complexity of the procurement process depends on the anticipated value of the expenditure over the expected duration of the contract. These are as follows:

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<b>Purchase/contract value</b>	<b>Process</b>
Goods and Services: £5,000 - £49,999 Works: £25,000 - £2m	Minimum of 3 quotations to be obtained (usually via Quick Quote)
Goods and Services: £50,000 – OJEU threshold Works: £2m – OJEU threshold	Appropriate advertising and competitive tender
Goods services and works: Over relevant OJEU threshold	Appropriate advertising and competitive tender in line with legislation

\* Note: The OJEU threshold for goods and services is £118,133 from 2018 and £4,551,413 for works (works re construction and construction-related contracts). The thresholds are revised every 2 years.

12. There are a few exceptions to the above requirements. These are:

1. An appropriate collaborative contract awarded by another authority exists and can be utilised. (A mini-tender process may be required.)
2. Single source (subject to constraints and subject to appropriate sign off in accordance with the scheme of delegation).
3. Property transactions.

### **Contract award**

13. Contract awards shall be approved as follows.

<b>Purchase/contract value</b>	<b>Authorisation level</b>
Up to £49,999	Senior Procurement Specialist
£50,000 - £249,999	Head of Procurement
£250,000 - £499,999	Director of Finance or Assistant Director of Finance
£500,000 - £999,999	Chief Executive
£1,000,000 and over	Scottish Ambulance Service Board

All contract documents must be signed in accordance with this scheme of delegation except any external consultancy contracts over the value of £100,000 or any proposal to award a contract without competition (non-competitive action) over the value of £100,000 which must be endorsed in advance by the Chief Executive.

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**Note:**

Call-off purchases based on existing service framework contracts will also follow the authorisation levels above with the exception of existing call off orders in excess of £1m that will be approved by the Chief Executive and do not in addition require Scottish Ambulance Service Board approval. These call off orders relate only to 'business as usual' operations and are reviewed on a regular basis, any contracts greater than £1m that are deemed 'extraordinary' will seek Board approval through existing business case governance processes.

**Purchase orders**

14. All goods, services and works must be ordered using an official purchase order. Purchase orders must be raised in advance of a commitment to spend being made. If the exact value of the purchase cannot be identified at the time the commitment is made a purchase order containing an estimated value shall be raised. This order can then be amended once the exact value is known. The Scottish Ambulance Service supports the principle of 'No Purchase Order, No Pay' set out in the Scottish Government's CEL 05 (2012) of 1<sup>st</sup> March 2012.
  
15. In most cases purchase orders must be raised using PECOS (the eProcurement system provided by the Scottish Government). In the case of vehicle parts (only), this will be the fleet management system. Where appropriate the Director of Finance will grant approval for no purchase order to be raised where the raising of a purchase order does not add to the control environment. Item currently covered by such approval are:
  1. Utilities
  2. Items paid by direct debit (e.g. diesel purchases)
  3. Items purchased via corporate credit card
  4. Medicines (excluding morphine) and medical gases

The exceptions will be monitored and reviewed on an ongoing basis.

16. Electronic ordering systems shall contain controls to ensure proper segregation of duties in the ordering process. Budget holders are responsible for ensuring that they advise the appropriate system administrators in the event of staff changes.
  
17. Budget holders shall also ensure that they have adequate budget for all items ordered
  
18. Budget holders are also responsible for ensuring that purchase orders are appropriately receipted on a timely basis to enable the Service to pay suppliers' invoices within the Scottish Government target time (currently 10 days).

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## Offers of Gifts and Hospitality

1. A Register of Gifts and Hospitality shall be maintained.
2. Goods or services shall NOT be acquired from any firm or individual which has made an offer of gifts, reward or benefit, or any other inducement to purchase, to any director or employee.
3. You must not accept any offer by way of gift or hospitality which could give rise to real or substantive personal gain or a reasonable suspicion of influence on your part to show favour, or disadvantage, to any individual or organisation. You should also consider whether there may be any reasonable perception that any gift received by your spouse or cohabitee or by a company in which you have a controlling interest, or by a partnership of which you are a partner, can or would influence your judgement. The term “gift” includes benefits such as relief from indebtedness, loan concessions, or provision of services at a cost below that generally charged to members of the public.
4. You are personally responsible for all decisions connected with the offer or acceptance of gifts or hospitality offered to you and for avoiding the risk of damage to public confidence in your public body. As a general guide, it is usually appropriate to refuse offers except:
  - Isolated gifts of trivial character, the value of which must not exceed £50;
  - Normal hospitality associated with your duties and which would reasonably be regarded as appropriate; or
  - Gifts received on behalf of the public body.
5. Any officer receiving such an offer shall notify his senior officer as soon as practicable.
6. Visits at suppliers’ expense to inspect equipment etc must not be undertaken without the prior approval of the Chief Executive.
7. You must not accept repeated hospitality or repeated gifts from the same source.

The Service’s Code of Conduct states when the acceptance of hospitality, gifts and entertainment might influence, or appear to influence, an official decision or action. As a general rule, members of a public body should refuse any gift or hospitality and when one is accepted, it should be recorded in a Hospitality Register maintained by the Service.

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**SECTION 11**

**CAPITAL INVESTMENT AND HUB FINANCING**

**Capital Investment**

1. These instructions define the procedures for capital planning, authorisation, reporting and control to be adopted by the Board for all capital schemes.

They cover the initiative and progress of capital schemes, both individually and collectively.

**Capital Plan**

2. The form of reporting for the Capital Plan will be specified by the Director of Finance and Logistics. The Capital Plan will be approved by the Executive Team and the Board. The plan will include:
  - (a) details of all individual schemes in excess of £5,000, distinguishing between capital and revenue implications and will be broken down into the following areas:
    - building fabric;
    - building development and upgrades;
    - replacement equipment;
    - development equipment;
    - information technology.
  - (b) the projected cost of each scheme over the current and subsequent financial years;
  - (c) in respect of schemes authorised in prior years and not yet completed, actual expenditure to date and the estimated cost still outstanding projected forward, as necessary as in (b) above;
  - (d) the priority placed on each scheme; and
  - (e) an estimate of sale proceeds from properties surplus to the Board's requirements, showing an anticipated year of sale.

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## Scheme Approval

3. The undernoted approval limits will apply:

### **Schemes Costing between £250,000 to £1,000,000:**

All individual schemes estimated to cost £250,000 to £1,000,000 will be individually presented by the Director of Finance and Logistics to the Board for approval at:

- (a) Pre-design Cost Limit Stage;
- (b) Pre-tender Stage, but only where estimated costs have increased since the Pre-Design Cost Limit Stage; and
- (c) Tender Acceptance Stage.

The Planning Manager will ensure three tenders are received for each scheme.

4. Where a scheme pre-design cost estimate is exceeded by 10% at pre-tender acceptance stage, then it must be reported to the Board in the report format specified below.

Authority to proceed to tender, or to accept tenders must in such cases be granted by the Board, following consideration of the reports from the Director of Finance and Logistics.

5. In presenting schemes for approval by the Board, the report will indicate:

- (a) The Scheme Title;
- (b) the recommendations made to the Board;
- (c) the Scheme Detail and Statement in Support, giving reason for investment;
- (d) the Scheme Financial Code Number;
- (e) the Capital Plan annual phasing and estimated total costs;
- (f) the Project Manager;

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- (g) the investment proposed identifying:
  - building/engineering costs
  - design team fees
  - movable equipment costs
  - other capital costs
  - VAT implications
  - total capital investment
  - reason(s) for variation from approved capital plan;
- (h) the method of funding;
- (i) the Scheme Timetable showing start on site date and anticipated completion date;
- (j) the indicative cash flow, explaining, where appropriate, reasons for variation(s) from the Capital Plan; and
- (k) the Revenue Implications.

6. Accompanying each scheme proposal to the Board will be an independent report by the Director of Finance and Logistics, validating the proposal and providing such further advice as is thought to be required for the Board to properly consider the proposal.

**Schemes Costing £5,000 and up to £250,000:**

7. All capital schemes estimated to cost between £5,000 and £250,000 will be approved by the Director of Finance and Logistics and one other Executive Director.

Exceptions to this are:

- (a) The purchase of medical equipment will be approved by the Director of Finance and Logistics and the Medical Director; and
- (b) Estate type capital schemes will be approved by the Director of Finance and Logistics, and the Director of Service Delivery.

The Estates Manger will ensure that three tenders are received for each scheme.

8. Following approval, all such schemes will be managed by a nominated Project Manager in their progress through the three scheme stages referred to in paragraph 4 above.

Acceptance of tenders for such schemes will be authorised by the Estates Manager.

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## Reporting

9. Progress reports on all schemes will be submitted to the Board on a monthly basis:

For all projects costing £250,000 or over, a monthly progress report will require to be submitted by the Estates Manager in the following format:

- (a) the approved financial allocation;
  - (b) the expenditure to date;
  - (c) the works progress made;
  - (d) any delay or problem encountered, the associated cost implications and the corrective action taken or proposed;
  - (e) any change in the estimated completion date; and
  - (f) any change to the original project.
10. Following completion, a final project report will be submitted which shows the following:
- (g) the approved financial allocation;
  - (h) the final cost, including retention monies still to be paid;
  - (i) the actual revenue implications;
  - (j) the estimated and actual time taken to completion; and
  - (k) other material factors.

## HUB Initiatives

11. When the Board proposes to use finance which is to be provided other than through its Allocation, the following procedures shall apply:

- (a) the Director of Finance and Logistics shall demonstrate that the use of HUB finance represents value for money and genuinely transfers risk to the private sector.
- (b) where the sum involved exceeds delegated limits, the business case may be referred to the NHS Scottish Government Health Directorate.
- (c) the proposal must be specifically agreed by the Board.

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## **SECTION 12**

### **FIXED ASSET REGISTERS AND SECURITY OF ASSETS**

#### **Asset Registers**

1. The Director of Finance and Logistics is responsible for the maintenance of registers of assets and arranging for a physical check of assets against the asset register to be conducted periodically.
2. The Board shall maintain an asset register recording fixed assets subject to the de-minimus level of £5,000 below which capital items are written off to Income and Expenditure in the year of purchase.
3. Additions to the fixed asset register must be clearly defined and validated by reference to:
  - (a) properly authorised and approved agreements, architects' certificates, suppliers' invoices and other documentary evidence in respect of purchases;
  - (b) stores, requisitions and pay records for own materials and labour including appropriate overheads; and
  - (c) lease agreements in respect of assets held under a finance lease and capitalised.
4. The fixed asset register must be maintained with the following details:
  - Asset identification and description
  - Asset location
  - Date of acquisition (i.e. purchase date)
  - Source of funds (e.g. NHS, donations, leased) and whether the asset is subject to capital charges
  - Initial capital expenditure (purchase price)
  - Indexed replacement cost
  - Depreciation - month and cumulative
  - Net Book Value
  - Expected date of replacement (and remaining or standard life)
  - Depreciation rate
  - Date of disposal/transfer
  - Other details required per Asset Register
5. Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and sales invoices (where appropriate).

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6. The Director of Finance and Logistics shall approve procedures for reconciling the balances on the fixed assets register.
7. The value of each asset shall be indexed to current values in accordance with methods specified in the Capital Asset Accounting Manual issued by the NHS Scottish Government Health Directorate.

### Capital Charges

8. The Director of Finance and Logistics shall calculate capital charges as specified in the Capital Asset Accounting Manual issued by the NHS Scottish Government Health Directorate. Capital Charges are now comprised only of depreciation, calculated on a straight line basis.

### Depreciation

9. Depreciation is charged on each main class of tangible asset as follows:
  - land assets are not subject to depreciation, but are subject to periodic revaluation and annual indexation in the same manner as building assets.
  - assets under construction are not subject to depreciation, but are subject to annual indexation. Upon completion, they should be transferred onto the asset register as land, buildings or equipment and depreciated accordingly.
  - buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by the district valuer.
  - equipment assets replacement costs are depreciated over their standard or discretionary lives.

Asset lives are at the discretion of the Board.

<u>Asset Category/Component</u>	<u>Useful Life (Years)</u>	<u>Asset Category/Component</u>	<u>Useful Life (Years)</u>
<u>Buildings</u>		<u>Equipment</u>	
Structure	10 – 60	Communications	5 – 10
Engineering	10 – 40	IT Equipment	5 – 15
External Works	10 – 45	Plant and Machinery	5 – 10
		Medical Equipment	5 – 10
<u>Transport</u>		Furniture and Fittings	10
Emergency Vehicles	4 – 7	Furnishings	10
Patient Transport Vehicles	5 – 10		
Leased Cars	4		

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## Intangible Assets

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10. Intangible assets are amortised over the estimated lives of the assets.

### Donated Assets

Donated assets are defined as assets which are acquired from sources other than Exchequer sources without any consideration being given in return.

Donated assets are capitalised at their valuation on receipt and are valued and depreciated as described above.

The value of donated assets and the donated element of part donated assets is reflected in a donation reserve which is credited with the value of the original donation and debited/credited following any subsequent revaluation.

While donated assets should be depreciated, the depreciation charge is not part of capital charges, and as a result there is a NIL impact on the income and Expenditure Account.

Donated assets are not subject to capital charges

When a donated asset is sold, the proceeds form part of the income of the receiving 'authority' and hence any assets acquired out of those proceeds will be subject to capital charges.

### Leasing

Operating Leases are defined as a lease which involves the Board paying a rental for the hire of an asset for a period of time which is normally substantially less than its useful economic life. The lessor retains the risk and retains ownership of the asset.

For assets leased under operating leases, the lease payments are treated as revenue expenditure and are not capitalised.

Finance Leases are leases which involve payment by the Board to a lessor of the full cost of the asset together with a return on the finance provided by the lessor. The Board has substantially all the risks and rewards associated with ownership of the asset, other than legal title.

Assets under finance leases are capitalised at the fair value of the asset with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is subject to indexation and revaluation and is depreciated on its current fair value over the shorter of the lease term or its useful economic life.

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Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of interest on the outstanding balance.

Rentals under operating leases are charged on a straight line basis.

### Security of Assets

11. The overall control of fixed assets is the responsibility of the Chief Executive.
12. The Director of Finance and Logistics shall prepare procedural instructions on the security, checking and disposal of assets (including fixed assets, cash, cheques and negotiable instruments and also including donated assets).

This procedure shall make provision for:

- (a) recording managerial responsibility for each asset;
  - (b) identification of additions and disposals;
  - (c) identification of all repairs and maintenance expenses;
  - (d) physical security of assets;
  - (e) periodic verification of the existence of, condition of, and title to assets recorded;
  - (f) identification and reporting of all costs associated with the retention of an asset; and
  - (g) reporting, recording and safekeeping of cash, cheques and negotiable instruments.
13. All discrepancies revealed by the verification of physical assets to the fixed asset register shall be notified to the Director of Finance and Logistics.
  14. Whilst each employee has a responsibility for the security of property of the Board, it is the responsibility of directors and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the Board. Any breach of agreed security practices must be reported to the Chief Executive.
  15. Any damage to the Board's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported to the Director of Finance and Logistics in accordance with the procedure for reporting losses.

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16. The Chief Executive shall be responsible for the maintenance of registers of assets, taking account of advice of the Director of Finance and Logistics concerning the form of any register and the method of updating.
17. Where practical, assets should be marked as Board property.

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### **SECTION 13**

#### **STORES AND RECEIPTS OF GOODS**

1. Stores, defined in terms of controlled stores and departmental stores for immediate use should be kept to a minimum, subjected to annual stock take and valued at the lower of cost and net realisable value in accordance with IAS 2.
2. Subject to the responsibility of the Director of Finance for the systems of control, the overall control of stores shall be the responsibility of designated officers. The day-to-day responsibility may be delegated to departmental Officers and Workshop Managers/Store Keepers, subject to such delegation being entered in a record available to the Director of Finance and Logistics.
3. Controlled medicine stocks shall be the responsibility of the Medical Director or a named deputy.
4. The responsibility for security arrangements and the custody of keys for all stores locations shall be clearly defined in writing by designated officers and agreed with the Director of Finance.
5. Wherever practicable, stocks should be marked as health service property.
6. All stores records shall be in such form and shall comply with such system of control as the Director of Finance shall approve.
7. The Director of Finance shall set out procedures and systems to regulate the stores including records for receipt of goods, issues and returns to stores and losses. All losses must be recorded in the Register of Losses.
8. Stock taking arrangements shall be agreed with the Director of Finance and there shall be a physical check covering all items in store at least once a year.
9. Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Director of Finance.
10. The designated officer shall be responsible for a system approved by the Director of Finance for a review of slow moving and obsolete items and for condemnation, disposal and replacement of all unserviceable articles. The designated officer shall report to the Director of Finance any evidence of significant overstocking and of any negligence or malpractice.

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## Goods Inwards

11. All goods received should be held in a secure stock location under the control of a designated officer. Custody of keys for all stock locations should be clearly defined in writing by the delegated officer as agreed with the Director of Finance.
12. All goods received shall be checked as regards quantity and/or weight and inspected as to quality and specification. A delivery note shall be obtained from the supplier at the time of delivery and shall be signed by the employee receiving the goods. Instructions shall be issued to staff covering the procedure to be adopted when a delivery note is not available.
13. All goods received shall be entered onto an appropriate goods received/stock record. If goods received are unsatisfactory, the records shall be marked accordingly. Further, where goods received are seen to be unsatisfactory or short on delivery then they shall only be accepted on the authority of the designated officer and the supplier shall be notified immediately. In addition the goods received note should be marked to indicate any discrepancy.

## Goods Outwards

14. The issue of stocks shall be supported by an authorised requisition note and a receipt for the stock issued shall be returned in accordance with the agreed procedure as approved by the Director of Finance. Where a "topping up" system is used, a record shall be maintained in a form approved by the Director of Finance. This can be electronic rather than in paper form.
15. Requisitions whether for stock or non-stock items may be transmitted electronically and not held in paper form providing always that appropriate procedures for such transmissions are approved by the Director of Finance.

## Stock Taking

16. The Director of Finance or other delegated officer must arrange a physical stock check covering all items of stock at least once a year unless the Director of Finance approves for certain categories of stock not to be counted e.g. low value. The physical check should include at least one officer other than the Store keeper and the Director of Finance or a member of their staff should be invited to attend. The stocktaking records should be numerically controlled and signed by the Officers undertaking the check. Any significant surplus or deficiencies revealed on stocktaking should be reported to the Director of Finance for investigation as necessary.

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17. Items of stock should be reviewed by the designated officer on a periodic basis and slow moving or obsolete stocks should be separately identified. Such stock should be written down to net realisable value. The write down must be approved by the Director of Finance in accordance with the authority levels and recorded in the Register of Losses.
18. Items which do not belong to the Board should be isolated from the stock take.
19. Certificates should be obtained for Board items which are held off site.
20. Breakages and other losses of goods in stock shall be recorded as they occur, entered in the Register of Losses and a summary presented to the Director of Finance at regular intervals.

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## **SECTION 14**

### **DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS**

1. Any Officer discovering or suspecting a loss of any kind shall forthwith inform his Head of Department/Division, who shall immediately inform the Chief Executive and the Director of Finance and Logistics.

Where a criminal offence is suspected the Director of Finance and Logistics shall immediately take the appropriate action as laid down in the Scottish Government guidance issued from time to time.

#### **Disposals and Condemnations**

2. The Director of Finance and Logistics shall prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to officers. Disposals of property require to be approved by the Board and disposals of equipment (purchase cost >£5k) require to be approved by the Director of Finance and Logistics.
3. When it is decided to dispose of a Board asset, the relevant officer will determine and advise the Director of Finance and Logistics of the estimated market value of the item, taking account of professional advice where appropriate.
4. All unserviceable articles shall be:
  - (a) condemned or otherwise disposed of by an employee authorised for that purpose by the Chief Executive.
  - (b) recorded by the Condemning Officer in a form approved by the Director of Finance and Logistics which will indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the counter signature of a second employee authorised for the purpose by the Director of Finance and Logistics.
  - (c) Details of the value of the condemnations will be forwarded to the Director of Finance and Logistics for formal write off.
5. The Condemning Officer shall satisfy himself as to whether or not there is evidence of negligence in use and shall report any such evidence to the Director of Finance and Logistics who will take the appropriate action.

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## Losses and Special Payments

6. Losses and special payments are to be classified and reported in accordance with NHS Circular No. CEL(2010)10
7. The Director of Finance and Logistics will ensure procedural instructions on the recording of and accounting for condemnations, losses and special payments are prepared and followed.
8. Any employee discovering or suspecting a loss of any kind must immediately inform their line manager who must immediately inform the Chief Executive and the Director of Finance and Logistics.
9. Where a criminal offence is suspected, the Officer in Charge must immediately inform the police and Chief Executive if theft or arson is involved. If the case involves suspicion of fraud, then the particular circumstances of the case following an investigation by Counter Fraud services and/or the Chief Internal Auditor, will determine the stage at which the police are notified. Restitution of funds or property is not a reason for withholding information or failing to report the facts.
10. The Director of Finance and Logistics must notify the NHS Scottish Government Health Directorate of all frauds.
11. For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial and where fraud is not suspected, the Director of Finance and Logistics must immediately notify:
  - (a) the Board of Directors, and
  - (b) the Statutory Auditor.
12. The Board shall approve losses and special payments, within the limits delegated to it by the NHS Scottish Government Health and Social Care Directorate. Responsibility to approve write-off and authorise special payments is delegated to the Chief Executive and Director of Finance and Logistics.
13. All items written off shall be reported to the Audit Committee and shown in the Annual Accounts of the Board.

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14. The Director of Finance and Logistics shall be authorised to take any necessary steps to safeguard the Board's interests in bankruptcies and company liquidations.
15. For any loss, the Director of Finance and Logistics should consider whether any insurance claim can be made against insurers.
16. The Director of Finance and Logistics shall maintain a Losses and Special Payments Register in which losses shall be recorded as they are known.
17. Write-off action will be recorded against each entry in the register.
18. No special payments exceeding delegated limits shall be made without the prior approval of the NHS Scottish Government Health and Social Care Directorate.

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## PROCEDURE WHERE CRIMINAL OFFENCES ARE SUSPECTED

### Introduction

The following procedures should be followed, as a minimum, in cases of suspected theft, fraud, embezzlement, corruption or other financial irregularities to comply with Scottish Executive Health Department HDL(2005)5 Financial Control: Procedure where criminal offences are suspected. This procedure also applies to any non-public funds.

#### 1.1 Theft, Fraud, Embezzlement, Corruption and Other Financial Irregularities

The Chief Executive has the responsibility to designate an officer within the Scottish Ambulance Service with specific responsibility for co-ordinating action where there are reasonable grounds for believing that an item of property, including cash, has been stolen.

It is the designated officer's responsibility to inform as he/she deems appropriate the Police, the Counter Fraud Services (CFS), the appropriate director, the Appointed Auditor, and the Chief Internal Auditor where such an occurrence is suspected.

Where any officer of the Scottish Ambulance Service has grounds to suspect that any of the above activities has occurred, his or her manager should be notified without delay. Local managers should in turn immediately notify the Scottish Ambulance Service's Director of Finance and Logistics who should ensure consultation with the CFS, normally by the Chief Internal Auditor. It is essential that preliminary enquiries are carried out in strict confidence and with as much speed as possible.

If, in exceptional circumstances, the Director of Finance and Logistics and the Chief Internal Auditor are unavailable the local manager will report the circumstances to the Chief Executive who will be responsible for informing the CFS. As soon as possible thereafter the Director of Finance and Logistics should be advised of the situation.

Where preliminary investigations suggest that *prima facie* grounds exist for believing that a criminal offence has been committed, the CFS will undertake that investigation, on behalf of, and in co-operation with, the Scottish Ambulance Service. At all stages the Director of Finance and Logistics and Chief Internal Auditor will be kept informed of developments on such cases. All referrals to the CFS must also be copied to the Appointed Auditor.

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The Scottish Ambulance Service shall ensure that CFS, acting on behalf of the Director of Finance, will receive access to:

- All records and documents relevant to the investigation
- Any premises or land of the Scottish Ambulance Service
- The production or identification by any NHS Scotland employee of cash, stores or other property under the employee's control

## 1.2 Remedial Action

As with all categories of loss, once the circumstances of a case are known the Director of Finance and Logistics will require 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.

## 1.3 Reporting to the Scottish Government Health Directorate

While normally there is no requirement to report individual cases to the Scottish Government Health Directorate there may be occasions where the nature of 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 health sector bodies may also have dealings. In all such cases, the SEHD must be notified of the main circumstance of the case at the same time as an approach is made to the CFS.

## 1.4 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 should ensure that the relevant officials are fully aware of the importance of avoiding issuing any statements, which may be regarded as prejudicial to the outcome of criminal proceedings.

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**LIMITS DELEGATED TO HEALTH BOARDS AND TRUSTS TO WRITE OFF  
LOSSES AND AUTHORISE SPECIAL PAYMENTS**

**DELEGATED  
AUTHORITY  
(PER CASE)  
£**

**1. THEFT, ARSON OR WILFUL DAMAGE**

(a)	Cash	15,000
(b)	Stores/procurement	30,000
(c)	Equipment	15,000
(d)	Contracts	15,000
(e)	Payroll	15,000
(f)	Buildings & Fixtures	30,000
(g)	Other	15,000

**2. FRAUD, EMBEZZLEMENT, CORRUPTION & THEFT (where documentation has been falsified), and attempts to perpetrate any of these activities**

(a)	Cash	15,000
(b)	Stores/procurement	30,000
(c)	Equipment	15,000
(d)	Contracts	15,000
(e)	Payroll	15,000
(f)	Other	15,000

**3. NUGATORY & FRUITLESS PAYMENTS**

15,000

**4. CLAIMS ABANDONED**

(a)	Private Accommodation	15,000
(b)	Road Traffic Act	30,000
(c)	Other	15,000

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	<b>DELEGATED AUTHORITY (PER CASE) £</b>
<b>5. STORES LOSSES:</b>	
(a) Incidents of the services (as a result of fire, flood, accidents)	30,000
(b) Deterioration in Store	30,000
(c) Stocktaking discrepancies	30,000
(d) Other causes	30,000
<b>6. LOSSES OF FURNITURE &amp; EQUIPMENT</b>	
(a) Incidents of the services (as a result of fire, flood, accidents)	15,000
(b) Disclosed at physical check	15,000
(c) Other causes	15,000
<b>7. DAMAGE TO BUILDINGS &amp; FIXTURES</b>	
(a) Incidents of the services (as a result of fire, flood, accidents)	30,000
(b) Other causes	30,000
<b>8. OTHER LOSSES</b>	15,000
<b>9 COMPENSATION PAYMENTS – legal obligation</b>	
(a) Clinical	250,000
(b) Non clinical	100,000
<b>10 EX-GRATIA PAYMENTS</b>	
(a) Extra-contractual payments	15,000
(b) Compensation payments - clinical	250,000
(c) Compensation payments – non clinical	100,000
(d) Compensation payments – financial loss	25,000
(e) Other payments	2,500
<b>11 EXTRA-STATUTORY AND EXTRA-REGULATORY PAYMENTS:</b>	NIL

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**NOTES:**

1. Cases not covered by the limits set out above should be referred to the Department as soon as the salient facts are clear and not delayed because of the difficulties of unravelling complicated or inadequately documented transactions, or of assessing the amount of the final loss.
2. The limits set out above apply to individual incidents except as qualified in these notes.
3. The limit for Cash Losses refers to the gross loss, irrespective of any subsequent recovery. The limits for all other losses refer to the net loss.
4. The limit for overpayments of salaries, etc. refers to the total involved at any one time through the same error or misinterpretation.
5. The limit for claims abandoned refers to the total of all cases arising from a single cause, but the loss in respect of each individual debtor should be recorded as one case.
6. The total net stores loss at any one location within the year should be aggregated and treated as one case. Similarly, the total net inventory losses at any one location within the year should be treated as one case.
7. For establishments, such as administrative offices, the lowest limit of delegation for stores and inventory losses will apply.

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## **SECTION 15**

### **INFORMATION TECHNOLOGY**

The Director of Finance and Logistics shall be primarily responsible for the accuracy and security of the computerised financial data of the Board.

The Director of Finance and Logistics shall be responsible for ensuring the design, implementation and documentation of effective information systems both financial and administrative.

#### **1. Computer Systems**

Computer systems are defined as covering all systems irrespective of size or cost and whether they hold financial, administrative or clinical information. Computer Systems are a combination of hardware, system software and application software. Each application should be considered as a distinct entity. Data communications should be treated as a computer system in its own right and should be subject to the same controls and risk assessments as any other computer system.

#### **2. Staff Responsibilities**

All staff have a responsibility to ensure that the Boards policies, strategies, standards and guidelines in respect of Information Technology (IT) are complied with.

#### **3. Procedures**

The Director of Finance and Logistics will devise and implement any necessary procedures to protect the Board and individuals from inappropriate use or misuse of any financial and other information held on computer files, for which he is responsible, (i.e. those systems which have an impact upon the financial records) having due regard for the Data Protection Act 1984, as updated from time to time. Adequate data controls must exist to provide for security of applications during data processing, including the use of any external agency arrangements.

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#### 4. System Controls

The Director of Finance and Logistics will ensure that adequate controls exist over data entry, processing storage, transmission and output to ensure security, privacy, accuracy, completeness and timeliness of the data, as well as the efficient and effective operation of the systems as defined in paragraph 3 above. Where an agency provides a computer service for financial applications, including payroll, the Director of Finance and Logistics shall periodically seek assurances that adequate controls are in operation.

The implementation of all other systems should be subject to the approval of the Communications and IT Services Manager. All IT expenditure should also be subject to his authorisation.

#### 5. Contracts for Computer Services

All contracts pertaining to computer services for applications with another Health Board or any other agency must clearly define the responsibilities of all parties for the security, privacy, accuracy, completeness and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes.

#### 6. Development of New Systems

The Director of Finance and Logistics will ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment.

#### 7. Testing

The Director of Finance and Logistics will satisfy himself that new systems and amendments to current systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another Health Board or any other agency, assurances of adequacy will be obtained from them prior to implementation.

#### 8. Computer Systems

Where computer systems have an impact on corporate systems, the Director of Finance and Logistics will satisfy himself that:

- i) systems acquisition, development and maintenance are in line with corporate policies and strategies;
- ii) data produced for use with systems is adequate, accurate, complete and timely, and that a satisfactory audit trail exists; and

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iii) Director of Finance and Logistics staff have access to such data.

## 9. IT Security Policy

The Director of Finance and Logistics will ensure that the Board has an IT Security Policy which complies with nationally agreed policy, as laid down in NHS Circular MEL (1994) 75 and HDL(2006)41 Security Policy.

## 10. Computer Audit

The Director of Finance and Logistics will ensure that such computer audit checks as he may consider necessary are being carried out.

## 11. Monitoring

The IT Security Officer will monitor observance of the IT Security Policy and its supporting standards and procedures.

## 12. Use of Software

### Definitions:

"**Copyright Act**" refers to the Copyright, Designs and Patents Act 1988. Commercial software copyright varies depending on the software supplier and the software product concerned: for example some software companies will offer a site or corporate user licence, whereby one copy of the software is supplied and this can be installed on a certain number of computers within a site or organisation; other companies operate on the basis of individual user licenses per software copy purchased.

"**Piracy**" is the term given to the practice of taking a copy of software with the intention of using it on a machine for which it was not purchased.

Copying of proprietary software except for security purposes is in breach of the Copyright Act and any person making a "pirate" copy is committing a criminal offence and is **individually** liable.

Software companies will take legal action against software piracy to protect their commercial interests. Significant financial penalties and imprisonment are both possible.

### Policy:

It is Board policy that only properly licensed or internally developed software will be used on its computer systems.

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It is disciplinary offence for unauthorised software to be used on any Board computer.

### 13. Compliance with the Copyright Act

All software used by the Board operates on the basis of a user licence per software purchase. This means that a separate licence is required for each copy of the software used per computer. Consequently, the software can **NOT** be purchased once, then copies and distributed to other users. In some cases, the serial number of the computer equipment on which the software will be run must be provided to the supplier, and the supplier informed if the software is subsequently to be operated on alternative hardware on a permanent basis.

The Copyright Act states that you must ensure that:

- i) You have no illegal (pirate) software on your computer (i.e. ensure that you are licensed to use the software). For all commercial application software on your computer you should be in possession of the original software issue disks or the corresponding user manual for the software;
- ii) You only make copies of software for the purposes of security (as described under Security Copying);
- iii) Software resident on your computer should be deleted if original version of the software is passed on to another individual within the Board for use on their computer;
- iv) Software in your care is kept secure to prevent unauthorised copies being taken without your knowledge; and
- v) Where the computer is being disposed of the any resident software should be permanently deleted.

### 14. Security Copying

The copying of software for security purposes is permitted, provided that the copies are used only if the original version becomes corrupt.

### 15. Procedural Guidelines

In order to protect the Board's investment in computer equipment, applications software and data it is essential that the following guidelines are followed:

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- i) No software, from whatever source, should be loaded onto a Board computer unless it has been approved by the Communications and IT Services Department. In the case of computer application software, the only software which should be loaded onto your computer is that which is on the approved list which is maintained by the Communications and IT Services Manager.
- ii) In no circumstances are computer games, or software code which is published in computer magazines, to be loaded onto a Board computer.

Installation of approved, licensed software on a fixed disk must be performed by the Systems Manager. The Systems Manager may arrange, subject to the licence conditions to pass software from one person to another, provided that the installed version is deleted or de-installed prior to passing it on. Certain software is licensed to be installed on more than one machine provided simultaneous use does not take place.

The Systems Manager will advise on the legality of copying software.

## 16. Malicious Software (including viruses)

### Definitions:

There are many different definitions of the term malicious software. At the most basic level it is essentially a series of program instructions (known as "code") written in any computer language which is introduced onto a computer by a variety of means. The purpose is invariably to disrupt normal machine operation or destroy or gain illegal access to computer held data or program files. Malicious software is not always intended to cause damage, sometimes it starts life as a "joke" but whether damage is intended or not, any unauthorised code introduced to a system runs the risk of damaging that systems and the information it holds (and also renders the perpetrator liable to prosecution under the Computer Misuse Act 1990).

The most dangerous form of malicious software is the virus as it can be inadvertently introduced to a system whereas other forms of malicious software require to be "programmed in" which implies:

- i) malicious intent;
- ii) a certain degree of specialist knowledge; and
- iii) failure of controls over system development and amendments.

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It should be noted that viruses are the only form of malicious software for which commercially available detection software exists.

## Policy

It is the policy of the Board to protect **all** of its computer systems against the effects of malicious software.

The level of protection afforded to each system will reflect its operational importance and the potential cost of recovery from any damage caused. High priority will be given to any systems which are crucial to the functioning of the organisation or transfer data to other systems.

All eliminations of malicious software and system recovery procedures will be carried out centrally by the Systems Manager who will provide the necessary expertise to ensure that damage from any infection is minimised.

A central register will be maintained of all instances of malicious software detected on Board computer systems.

**NB: Be aware that if the Board loses personal data caused by infection from a virus, it could be liable to prosecution under the Data Protection Act 1984.**

## 17. Responsibility

All computer users should recognise that they are responsible for the security not only of the machine(s) but also the data held and therefore will be expected to conform with any guidelines issued in support of this policy.

Director of Finance and Logistics will ensure that all users of such systems are made aware of, and understand, the need to protect their systems from the effects of malicious software.

Any member of staff who becomes aware of, or suspects, the existence of a virus on a Board computer must **immediately** report the circumstances to their local Systems Manager.

It is a disciplinary offence for any member of staff to:

- i) knowingly introduce malicious software onto any Board computer system;
- ii) withhold information necessary for effective implementation of anti-virus procedures; and

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- iii) introduce unauthorised software onto any Board computer system.

## 18. Compliance with the Data Protection Act

The Data Protection Act 1998 governs the handling of computerised personal information. With some exceptions, the Act requires all those who hold or process personal data by automatic means to register as data users and to declare in their registration particulars various details of their operations.

As a registered data user under the Act, the Board must comply with eight data protection principles as follows:

Personal data shall be:

- obtained and processed fairly and lawfully
- held only for specified and lawful purposes
- used or disclosed only in a manner compatible with the specified purpose or purposes
- adequate, relevant and not excessive in relation to the specified purpose or purposes
- accurate and where necessary, kept up-to-date
- kept for no longer than is necessary for the specified purposes

an individual shall be entitled at reasonable intervals and without undue delay or expense:

- a) to be informed whether any personal data is held and to be provided with access to any such data; and
- b) where appropriate, to have such data corrected or erased

Appropriate security measures shall be taken against unauthorised access to, alteration, disclosure or destruction of personal data and against accidental loss or destruction of personal data.

It is the responsibility of the Manager, Management Services and Information Department, to ensure that users of data are aware of the requirements and responsibilities in relation to the Data Protection Act.

The “Standards and Guidelines of Good Practice for the use of Computer Hardware, Software and IT Support Services” issued by the Communications and IT Services Manager shall form part of these Standing Financial Instructions.

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## **SECTION 16**

### **NON EXCHEQUER FUNDS**

#### **1. Endowment Funds**

The legal position of NHS Boards, as trustees of their non-exchequer funds arises from the terms of the National Health Service (Scotland) Act 1978, Section 83 which states that:

“A Health Board shall have power to accept, hold and administer any property on Trust for purposes relating to any service which it is their function to make arrangements for, administer or provide, or to their functions with respect to research.”

As trustees they are therefore subject to the normal rules affecting the rights and duties of trustees as contained in the Trustee (Scotland) Acts 1921 and 1961.

NHS Boards are solely responsible for the administration of funds for which they are trustees and although the Cabinet Secretary for Health and Well-being for Scotland may offer advice on the use of non-exchequer funds, the responsibility remains with the Board.

The Cabinet Secretary for Health and Well-being may by order or other instrument limit the extent to which non-exchequer funds may be used in the administration of the health services but the power is negative rather than positive.

Within this section of Standing Financial Instructions “Non-Exchequer Funds - Endowment Funds” are those gifts, donations and endowments made under the relevant charities legislation and held in trust for the Scottish Ambulance Service Endowment Fund (Hereafter known as the Fund) administered by the Board of Directors as Trustees of the Fund.

The foregoing sections of these Standing Financial Instructions shall apply equally to Non-Exchequer Funds - Endowment Funds.

#### **2. Trust funds are recognised by the Inland Revenue as a charity.**

Part 1 of the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990 deals with the supervision of charities in Scotland and the provisions of the Charities Accounts (Scotland) Regulations 1992 apply.

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3. Expenditure from endowment funds is restricted to the purpose(s) of the appropriate Trust and can only be made with the approval of the Trustees or in the case of specific funds at the discretion of the specific fundholder.

Section 82 of the 1978 Act states that “In exercising the power conferred on them by this section in relation to any endowment or property a Health Board shall secure, so far as is reasonably practicable, that the objects of the original trust (including in the case of an endowment, the objects of the endowment) and the observance of any conditions attaching thereto, including, in particular, conditions intended to preserve the memory of any person or class of persons, are not prejudiced by the exercise of the power.”

4. The Director of Finance and Logistics is responsible for:
- obtaining charitable status for the Endowment Fund,
  - maintaining such accounts and records as are necessary to record and protect all transactions and funds of the Fund, which should be recognised by the Inland Revenue as a Scottish Charity.
  - preparing detailed procedural instructions concerning the receiving, recording, investment and accounting for Endowment Funds.
5. All stocks and share certificates must be deposited with the Board's bankers or in a safe or safe compartment.
6. All property deeds must be deposited with the Board's solicitors.
7. All gifts, donations and proceeds of fund raising activities intended for the Board's use must be banked directly to the Endowment Fund Bank Account.
8. All gifts accepted must be held in the name of the Fund and administered in accordance with Fund policy, subject to the terms of the donation.
9. The Fund can only accept gifts for purposes relating to the Health Service including the Scottish Ambulance Service. In case of doubt, the Director of Finance and Logistics should be consulted.
10. Advice to Trustees on the financial implications of fund raising activities by outside bodies or organisations shall be given only by the Director of Finance and Logistics.
11. The Director of Finance and Logistics must advise the Trustees on the financial implications of any proposal for fund raising activities which the Board may initiate, sponsor or approve. (See MEL (2000)13 Fundraising by Health Boards and Local Health Councils).

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12. The Director of Finance and Logistics must be informed of any gifts, legacies or donations and must maintain appropriate records.

Where relevant:

- After the death of a testator all correspondence concerning the legacy should be dealt with by the Director of Finance and Logistics on behalf of the Fund.
  - The Director of Finance and Logistics or his delegated representative is empowered to give an executor a good discharge.
13. The Trustees are responsible for how the Funds are spent and to satisfy themselves on the performance of any investments.
14. Where it becomes necessary for the Board to obtain confirmation of Estates in order to obtain a legacy due to the Endowment Fund under the terms of a will, the Director of Finance and Logistics will act as the Fund's nominee.
15. If an agent administers the Endowment Funds, the Director of Finance and Logistics will be responsible for ensuring that the arrangement is regulated by a formal agreement in writing. The agreement will need to cover the issues described in the above paragraphs and include a charge for administration.
16. Non-Exchequer funds shall be invested by the Director of Finance and Logistics in accordance with the Fund's policy and subject to statutory requirements.

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## **SECTION 17**

### **NON PUBLIC FUNDS**

#### **Scottish Ambulance Service Benevolent Fund**

1. The Scottish Ambulance Service Benevolent Fund was established by Deed of Trust dated 6 July 1995.
2. In accordance with the Trust Deed there shall be not fewer than 5 and not more than 15 Trustees.
3. The Chairman of the Scottish Ambulance Service Board shall be Chairman of the Trustees and should he cease to be Chairman of the Board then he will cease to be Chairman of the Benevolent Fund.
4. The purposes of the Benevolent Fund are:
  - i) to provide for the welfare of all person in necessitous circumstances who are employed or were formally employed by the Scottish Ambulance Service and left on medical grounds or retired and in necessitous circumstances and the dependants of all such persons, to provide for the relief of financial hardship, sickness and distress among or the retraining of serving and former members of the Scottish Ambulance Service or their dependants.
  - ii) to protect and preserve the health both physical and mental of the people of Scotland and to relieve the suffering and distress of the sick and injured by the provision of;
    - equipment and services for the Scottish Ambulance Service, and through
    - the advancement of the education of and the re-training of serving members of the Scottish Ambulance Service.
5. The Scottish Ambulance Service Benevolent Fund shall be operated in accordance with the Trust Deed dated 6 July 1995, accordingly neither the Board of Directors of the Scottish Ambulance Service nor the Cabinet Secretary for Health and Well-being for Scotland have any jurisdiction over the Scottish Ambulance Service Benevolent Fund.

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**SECTION 18**  
**SCHEME OF DELEGATION**

**Purchase of Goods and Services**

Delegated Issue	Responsible Officer(s)	Deputy(s)	Scope (Excl VAT)
<b>Approval of Business Cases</b>			
Capital Investment	Scottish Government		£3,000,000 and above (as per DEL(2019)5)
Capital Schemes	Executive Team		Up to £250,000
	Board		£250,000 and above
<b>Quotes and Tenders</b>			
Obtaining Quotes	Procurement Team		£10,000 and above
Issuing of Tenders	Head of Procurement	Senior Procurement Specialist	£50,000 and above
Opening of Tenders	Director of Finance or Head of Procurement	Deputy Director of Finance or Procurement Staff	All
Post-tender negotiation	Head of Procurement	Deputy Head of Procurement	All
Approval of Tenders	Head of Procurement & Budget Holder	Senior Procurement Staff & Budget Holder	Up to £100,000
	Director of Finance		Up to £500,000
	Chief Executive		Up to £1,000,000
	Board		£1,000,000 and above
Authorisation of PECOS Orders:	Designated Officers this includes: <ul style="list-style-type: none"> <li>- Up to £1,000 Area Service Manager/ equivalent</li> <li>- Up to £5,000 Head of Service/equivalent</li> <li>- Over £5,000 Deputy/Director level</li> </ul>		Up to £1,000
			Up to £5,000
			£5,000 and above

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WHAT	Responsible Officer	Deputy	SCOPE (EXCL VAT)
2nd Authorisation for non-catalogue items	Procurement Specialist		Up to £5,000
	Senior Procurement Specialist		Up to £50,000
	Head of Procurement		Up to £250,000
	Director of Finance		Up to £500,000
	Chief Executive		£500,000 and above

**Other Expenditure**

Delegated Issue	Responsible Officer(s)	Deputy(s)	Scope (Excl VAT)
Legal Claims	Chief Executive or Director of Finance	Deputy Director of Finance	See Section 14
Ex Gratia Payments			
Losses and Write Offs			
Foreign Travel:	Chair or Chief Executive	Vice Chair if Chair and CEO on same trip	All
Endowments:	Board of Trustees		£10,000 and above
	Chief Executive or Director of Finance		£5,000 and above
	Deputy Director of Finance		Up to £5,000

**Provision of Services**

Approval of SAS Services to others	Budget Holders		Up to £10,000
	Director of Finance	Deputy Director of Finance	£10,000 and above

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**Other Delegated Matters**

<b>Delegated Action and Scope of Delegation</b>	<b>Responsible Officer</b>	<b>Delegated Officer(s)</b>
Delegation of budgets and approval to spend within delegated limits	Chief Executive	Director of Finance, Logistics and Strategy
Devise and maintain systems of budgetary control	Director of Finance, Logistics and Strategy	Deputy Director of Finance
Demonstrate best value for all services	Chief Executive	Director of Finance
Develop and monitor efficiency programmes	Director of Finance, Logistics and Strategy	Deputy Director of Finance
Procedures for the procurement, ordering and receipt of goods	Director of Finance, Logistics and Strategy	Head of Procurement
Control of Stocks	Director of Finance, Logistics and Strategy	Head of Procurement
Develop and implement financial policies ensuring detailed financial procedures and systems are prepared and documented	Director of Finance, Logistics and Strategy	Deputy Director of Finance
Operation of detailed financial matters including bank accounts and banking procedures	Director of Finance, Logistics and Strategy	Deputy Director of Finance
Insurance Arrangements	Director of Finance, Logistics and Strategy	Deputy Director of Finance
Liaison with Internal Audit service	Director of Finance, Logistic and Strategy	Deputy Director of Finance
Review, appraise and report in accordance with NHS Internal Audit Manual and best practice	Chief Internal Auditor	Deputy Director of Finance
IT Systems Development	Director of Finance, Logistics and Strategy	General Manager-ICT
IT Systems controls and Security	Director of Finance, Logistics and Strategy	General Manager – ICT
Management of land and buildings	Director of Finance, Logistics and Strategy	Head of Estates
Preparation of Operational Plan and Performance Assessment Framework	Chief Executive	Director of Finance, Logistics and Strategy
Annual Report and Accounts	Director of Finance, Logistics and Strategy	Deputy Director of Finance
Investigate and suspected cases of fraud or other irregularity	Director of Finance, Logistics and Strategy	Fraud Liaison Officer

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Delegated Action and Scope of Delegation	Responsible Officer	Delegated Officer(s)
Standards of business conduct for staff	Chief Executive	Director of Workforce
Develop and implement HR policies ensuring detailed HR procedures and systems are prepared and documented	Director of Workforce	Deputy Director of Workforce
Health and Safety Policy	Chief Executive	Director of Workforce
Health and Safety Management	Director of Workforce	Head of Health and Safety
Caldicott Guardian	Medical Director	
Information Governance including freedom of information	Chief Executive	<del>Director of Care Quality and Professional Development</del> Chief Operating Officer (from 1 April 2022)
Complaints	Chief Executive	Director of Care Quality and Professional Development
Educational Quality Assurance	Chief Executive	Director of Care Quality and Professional Development

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