NHS

Prescription Pricing Authority

CORPORATE GOVERNANCE FRAMEWORK

SECTION 1:
STANDING ORDERS

SECTION 2:
STANDING FINANCIAL INSTRUCTIONS

SECTION 3:
SCHEME OF DELEGATION

SECTION 1

STANDING ORDERS

With effect from
10 July 2003

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EXTENT AND INTERPRETATION

These Directions extend to England only.

In these Directions:

"the Authority" means the Prescription Pricing Authority; situated at Bridge House, 152 Pilgrim Street, Newcastle upon Tyne, NE1 6SN;

"the Act" means the National Health Service Act 1977;

"NHSCFSMS" means NHS Counter Fraud and Security Management Services Authority;

"LCFS" means the Local Counter Fraud Specialist;

" the Protocol" means the Protocol annexed to the Schedule to the Directions (as amended or replaced from time to time by the Secretary of State);

" the Table" means the Table to the Directions (which table may be amended or replaced from time to time by the Secretary of State) setting out the operational and liaison responsibilities of the Authority and the NHS Counter Fraud and Security Management Services Authority.

1. FUNCTIONS OF THE AUTHORITY

1.1 The Secretary of State for Health, in exercise of powers conferred by sections 16D, 17, 122A(6) and 126(4) of the National Health Service Act 1977(a) ("the 1977 Act") and article 4 of the Prescription Pricing Authority Constitution Order 1990(b) and all other powers enabling him in that behalf, hereby directs the Prescription Pricing Authority ("the Authority") to perform the following functions:-

1.2 To examine, check, price and store for a period to be determined from time to time by the Secretary of State, prescriptions for drugs, medicines and listed appliances supplied as part of pharmaceutical services under the 1977 Act;

1.3 Subject to making any deductions pursuant to section 45 of the 1977 Act, to make payments to chemists, in respect of drugs and appliances, containers, medicine measures and dispensing fees and additional professional services;

1.4 To pay the deductions referred to in paragraph 1.2 to the Local Pharmaceutical Committee;

1.5 To pay such amounts as are due to chemists under arrangements made between Health Authorities and chemists in accordance with directions given to Health Authorities by the Secretary of State on 9 March 1999 concerning arrangements for providing additional pharmaceutical services;

1.6 Where requested by a Health Authority, to pay chemists the amounts due in respect of goods and services that are provided by them to the Health Authority for the purposes of the Health Authority's functions under Part I of the 1977 Act;

1.7 To make payments relating to the provision of oxygen concentrator services;

1.8 To provide to Health Authorities payment schedules in respect of reimbursements and remuneration due to doctors;

1.9 To exercise the functions of the Secretary of State under the National Health Service (Travelling Expenses and Remission of Charges) Regulations 1988 (as amended) other than the function of making payment referred to in Regulation 5A(b) of those Regulations and the functions of designing the forms to be provided in accordance with regulations 7(1) and 8 (2) of those Regulations;

1.10 To examine claims for exemption and remission of charges (the number of claims to be examined to be determined from time to time by the Secretary of State) under the NHS (Charges for Drugs and Appliances) Regulations 2000 and the NHS (Travelling Expenses and Remission of Charges) Regulations 1988. To recover such charges as are recoverable and to take enforcement action in relation thereto and to recover such penalty charges and further sums by way of penalty as are recoverable in accordance with the NHS (Penalty Charges) Regulations 1999. To take enforcement action to recover the relevant charges, penalties or surcharges as civil debts;

1.11 To pay under regulation 18B(2) of the NHS (Pharmaceutical Services) Regulations 1992(reward scheme), such amounts, if any, as are due to chemists in respect of claims made under regulation 18B(1) of those Regulations;

1.12 To provide information and assistance to Health Authorities in connection with any action by them under regulation 24 of the NHS (Pharmaceutical Services) Regulations 1992 to recover overpayment of fees, allowances or other remuneration from those providing pharmaceutical services;

1.13 To provide information as may be determined by the Secretary of State from time to time, promptly and regularly, on the cost and trend of prescribing under the 1977 Act;

1.14 To carry out, to such extent as the Secretary of State may after consultation with the Authority from time to time require, exercises to establish trends in prescribing in respect of prescriptions dispensed in the community and to provide to the Secretary of State of the information thereby obtained, promptly and regularly;

1.15 To compile, in accordance with regulation 18 of the National Health Service (Pharmaceutical Services) Regulations 1992, material to be approved by the Secretary of State for inclusion in the Statement known as "the Drug Tariff" and to publish and distribute that statement;

1.16 To approve the lists of appliances and chemical reagents included in Part IX of the Drug Tariff and to determine prices used as a basis for reimbursement of the supply of these appliances and chemical reagents.

1.17 To make an annual report to the Secretary of State not later than the end of October each year and present the report at a public meeting held not later than 30 days after the date on which the report was made;

1.18 To provide such other information as the Secretary of State may, after consultation with the Authority from time to time require;

1.19 To provide a range of Human Resource and Financial Services to various health bodies in accordance with directions issued by the Secretary of State for Health and associated service level agreements and protocols.

1.20 From 1 October 2002, to issue NHS prepayment, maternity exemption and medical exemption certificates, to the public and collect the income deriving from this.

1.21 From 1 April 2003, to issue exemption certificates to authorised recipients of appropriate tax credits.

2. DIRECTIONS REGARDING THE EXERCISE OF THE AUTHORITY'S COUNTER-FRAUD FUNCTIONS

2.1 Division of functions

The division of functions, in relation to counter-fraud measures, between the Authority and the NHS Counter Fraud and Security Management Services Authority (NHSCFSMS) shall be determined in accordance with function 1.17 above and with the Protocol and the Table. In particular the Authority shall, except in relation to cases falling to be dealt with by them under function 1.17 above, refer any case to the NHS CFSMS, as soon as there is at least one substantive piece of information that indicates that a fraud may have occurred.

2.2 Countering fraud and corruption

2.2.1 The Authority shall require its Chief Executive and its Director of Finance and Administrative Services to monitor and ensure compliance with the Directions, including the SLA, Protocol and the Table, and with other instructions on countering fraud and corruption against the NHS as may be notified by the NHSCFSMS from time to time.

2.2.2 The Authority shall facilitate, and co-operate with, NHSCFSMS fraud measurement and quality inspection work, giving prompt access to Authority staff, workplaces and relevant documentation, information and data.

2.3 Appointment of local counter fraud specialist (LCFS) to the authority;

2.3.1 The Authority shall nominate a suitable officer to act as its LCFS and shall notify the NHSCFSMS of that nomination. The Authority shall ensure that a LCFS is in place. Where there is a need to replace a LCFS, the NHSCFSMS shall be notified of a suitable replacement within three months of the need for the replacement becoming apparent.

2.3.2 Once specialist training provided by NHSCFSMS has been completed by the nominee to the satisfaction of the NHSCFSMS, the nominee shall be accredited and formally appointed to assume the role of LCFS in the Authority.

2.4 Role of LCFS

2.4.1 The LCFS shall:

a) report to the Authority's Director of Finance and Administrative Services;

b) investigate cases of suspected fraud in accordance with the division of work provided under these directions, the Table and the NHS Counter Fraud and Corruption Manual, as amended from time to time;

c) provide a written report, at least annually, to the Authority on counter-fraud work within the Authority;

d) be entitled to attend any Audit Committee meetings and have access to all Audit Committee members and to the Chairman and the Chief Executive of the Authority;

e) undertake, as specified by the Authority's Chief Executive or Director of Finance and Administrative Services, proactive work to detect cases of fraud and corruption, particularly where systems weaknesses have been identified. This work shall be carried out so as to complement the detection of potential fraud and corruption by auditors in the course of routine audits;

f) proactively seek and report to NHSCFSMS opportunities where details of counter-fraud work (including action on prevention, detection, investigation, sanctions or redress) can be used within publicity in order to deter fraud and corruption;

g) refer to the PFT all cases appropriate to them;

h) inform NHSCFSMS of all cases of suspected fraud investigated by the Authority.

2.5 Co-operation with investigations

2.5.1 The Authority shall ensure that the LCFS and NHSCFSMS are given access as soon as is reasonably practicable, and in any event not later than 7 days from the date of the request to:

a) all premises, records or data owned or controlled by the Authority relevant to the detection and investigation of cases of fraud and corruption, including where the matter falls to be dealt with by the Authority under function 1.17 above;

b) all staff who may have information to provide which is relevant to the detection and investigation of cases of fraud and corruption.

The Authority shall require its Chief Executive and Director of Finance and Administrative Services to be responsible for ensuring that such access is given.

2.6 Cases of fraud or corruption

2.6.1 The LCFS shall send full reports of all cases where the Authority's Director of Finance and Administrative Services believes fraud or corruption to be present to NHSCFSMS in accordance with HSC 1999/062, so that advice on the most appropriate sanction can be provided. The Director of Finance and Administrative Services and LCFS shall consider further action in accordance with the NHS Counter Fraud and Corruption Manual. Reports shall also be sent to the External Auditor.

2.6.2 The Authority's Director of Finance and Administrative Services shall liaise with the relevant NHSCFSMS Regional, Specialist or National Proactive team where the appropriate sanction is considered to be prosecution before any further action is taken by either the Authority or NHSCFSMS.

2.6.3 The Authority's Director of Finance and Administrative Services shall liaise with the relevant NHSCFSMS Regional, Specialist or National Proactive team and reach agreement before any decision is reached to refer a case of fraud or corruption to the police or any other body for investigation.

2.6.4 Any information relevant to an investigation of suspected fraud or corruption shall not be disclosed except for the purposes of the investigation or subsequent proceedings. No information relating to

the investigation shall be disclosed to any person who might possibly be implicated in the case of potential fraud or corruption.

2.6.5 The LCFS shall report to internal auditors details of systems weaknesses identified as allowing proven fraud to take place in relation to the recovery of funds obtained through fraud and to the provision of this information so that redress can be sought. The Authority's Director of Finance and Administrative Services is responsible for ensuring that the Authority seeks financial redress in respect of such losses.

3. SCHEDULE OF MATTERS RESERVED FOR THE AUTHORITY

3.1 The Authority shall undertake the range of functions outlined in the Reservation of Powers to the Authority contained in Section 3 of the Scheme of Delegation.

4. MEMBERSHIP OF THE AUTHORITY

4.1 The Authority comprises of the following eight persons:

4.1.1 The Chairman, appointed by the Secretary of State for Health;

4.1.2 The Chief Executive;

4.1.3 Six other members, appointed by the Secretary of State for Health.

5. APPOINTMENT OF VICE CHAIRMAN

5.1 The members may appoint one of their number, other than the Chairman or a member mentioned in paragraph (d) or (f) of article 5 of the Constitution Order, to be Vice-Chairman for such period as they may determine at the time of the appointment, not being a period longer than the period of that person's tenure of office as a member which remains unexpired at the date when the appointment takes effect.

5.2 Where a member is appointed to be Vice-Chairman under the provisions of paragraph 5.1, the member so appointed:

5.2.1 shall, where the Chairman of the Authority:

- has died or ceased to hold office, or
- is unable to perform their duties by reason of illness, absence from England and Wales or any other cause,

perform the duties of the Chairman for so long as there is no Chairman to perform those duties;

5.2.2 may at any time resign the office of Vice-Chairman by giving notice in writing to the Chairman, whereupon the members may appoint

another of their number as Vice-Chairman in accordance with the provision of paragraph 5.1.

6. APPOINTMENT OF COMMITTEES

6.1 Subject to such directions as may be given by the Secretary of State for Health, the Authority may, and if directed by the Secretary of State for Health shall, appoint committees of the Authority consisting wholly or partly of members of the Prescription Pricing Authority.

6.2 The Standing Orders of the Authority, as far as they are applicable, shall apply with appropriate alteration to meetings of any committees established by the Authority.

6.3 Each such committee shall have such terms of reference and powers and be subject to such conditions (as to reporting back to the Authority), as the Authority shall decide. Such terms of reference shall have effect as if incorporated into the Standing Orders.

6.4 The committees, sub-committees and joint committees established by the Authority are:

- Audit

- Remuneration and Terms of Service

6.5 Such other committees may be established by the Authority as required to discharge the Authority's responsibilities.

7. AUDIT COMMITTEE

7.1 Constitution

The Authority hereby resolves to establish a Committee to be known as the Audit Committee (The Committee).

7.2 Membership

The Committee shall be appointed by the Authority from amongst the non-executive directors of the Authority (not including the Authority Chairman or Chief Executive) and shall consist of not less than 4 members. A quorum shall be 2 members.

7.3 Attendance

The Director of Finance, the Head of Internal Audit, and a representative of the External Auditors shall normally attend meetings. However at least once a year the Committee shall meet with the External and Internal Auditors without any director present.

7.4 Frequency

Meetings shall be held not less than three times a year. The External Auditor or Head of Internal Audit may request a meeting if they consider that one is necessary.

7.5 Authority

Subject to any restrictions set out in relevant legislation, the Committee is authorised by the Authority to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

7.6 Duties

The duties of the committee can be categorised as follows:

7.6.1 Internal Control and Risk Management

The Committee shall review the establishment and maintenance of an effective system of internal control and risk management.

In particular, the Committee will review the adequacy of:

- all risk and control related disclosure statements, together with any accompanying Head of Internal Audit statement, prior to endorsement by the Authority;
- the structures, processes and responsibilities for identifying and managing key risks facing the organisation;
- the policies for ensuring that there is compliance with relevant regulatory, legal and code of conduct requirements as set out in the Controls Assurance Standards and other relevant guidance;
- the operational effectiveness of policies and procedures;
- the policies and procedures for all work related to fraud and corruption as set out in the Secretary of State Directions and as required by Counter Fraud Services.

7.6.2 Internal Audit

- To consider the appointment of the internal audit service and the audit fee payable;

- To review the internal audit programme, consider the major findings of internal audit investigations (and management's response), and ensure co-ordination between the Internal and External Auditors;

- To ensure that the Internal Audit function is adequately resourced and has appropriate standing within the organisation.

7.6.3 External Audit

- Consider the appointment of the External Auditor, as far as the Audit Commission's rules permit;

- Discuss with the External Auditor, before the audit commences, the nature and scope of the audit, and ensure co-ordination, as appropriate, with other External Auditors in the local health economy;

- Review External Audit reports, including performance reports and annual audit letters, together with the management response.

7.6.4 Financial Reporting

Review the annual financial statements before submission to the Authority focusing particularly on:

- changes in, and compliance with, accounting policies and practices;

- major judgmental areas; and

- significant adjustments resulting from the audit.

7.7 Reporting

The minutes of the Audit Committee shall be formally recorded and submitted to the Authority.

The Audit Committee shall submit an annual report of its work to the Authority within six months of the year-end.

8. REMUNERATION AND TERMS OF SERVICE COMMITTEE

8.1 The Authority shall establish a Remuneration and Terms of Service Committee. The posts falling within the responsibility of the Committee will be those which fall under the arrangements and rules set out in the HSG letter series covering "General and Senior Managers" and who are employed under Senior Managers Terms and Conditions.

8.2 The Remuneration and Terms of Service Committee will comprise of the Authority's Chairman and two Authority members. The composition of the Committee will be given in the Annual Report. A quorum of this committee shall be two.

The Chief Executive or other senior managers should not be present for discussions about their own remuneration and terms of service, but could attend meetings of the Committee to discuss other staff's terms.

The work of the Committee will be supported and administered by the Chief Executive and appropriate staff.

8.3 The committee will:

(i) Make recommendation to the Authority on the Terms of Service and remuneration of the Chief Executive and Directors and to review recommendations made in respect of all other senior managers to ensure that they are fairly rewarded for their individual contribution to the organisation – having regard to nationally determined criteria and the Authority's circumstances and performance.

(ii) Ensure that appropriate systems are in place and are being properly administered on job evaluation, assessment of individual performance and the determination of remuneration for senior managers.

(iii) Oversee contractual arrangements for senior managers, including the calculation and scrutiny of termination payments, ensuring that such payments are appropriate and take account of national guidance.

(iv) Report in writing to the Authority the basis of its recommendations. The Authority shall use the report as the basis for their decisions, but remain accountable for taking decisions on the remuneration and terms of service of executive directors. Minutes of the Authority's meetings should record such decisions.

9. TERMINATION OF TENURE OF OFFICE

9.1 The Chairman or a member of the Authority may resign their office at any time during the period for which they were appointed by giving notice in writing to the Secretary of State for Health.

9.2 Where during their period of membership a member of the Authority is appointed to be the Chairman of the Authority, their tenure of office as a member shall terminate when their appointment as Chairman takes effect.

9.3 If the Secretary of State for Health is of the opinion that it is not in the interests of the health service or it is not conducive to the good management of the Authority for a person whom has been appointed, as the Chairman or a member of the Authority to continue to hold that office, the Secretary of State for Health may forthwith terminate their tenure of office.

9.4 If a Chairman or member of the Authority has not attended a meeting of the Authority for a period of six months, the Secretary of State for Health shall forthwith terminate the tenure of the office of the Chairman or that member unless they satisfy that:

9.4.1 the absence was due to a reasonable cause, and

9.4.2 the Chairman or member will be able to attend meetings of the Authority within such period as the Secretary of State for Health considers reasonable.

9.5 Where a person has been appointed to be the Chairman or a member of the Authority:

9.5.1 if the person becomes disqualified for appointment under Regulation 11 the Secretary of State for Health shall forthwith notify them in writing of such disqualification; or

9.5.2 if it comes to the notice of the Secretary of State for Health that at the time of appointment the person was so disqualified, the Secretary of State for Health shall forthwith declare that the person was not duly appointed and so notify them in writing;

and, upon receipt of any such notification, their tenure of office, if any, shall be terminated and they shall cease to act as such Chairman or member.

9.6 If it appears to the Secretary of State for Health that the Chairman or a member of the Authority has failed to comply with Regulation 14 (disclosure etc., on account of pecuniary interest) the Secretary of State for Health may forthwith terminate that person's tenure of office.

10. ELIGIBILITY FOR REAPPOINTMENT

10.1 Subject to Regulation 11, the Chairman or a member of the Authority shall, on the termination of their tenure of office, be eligible for reappointment.

11. DISQUALIFICATION FOR APPOINTMENT

11.1 Subject to Regulation 12 a person shall be disqualified for appointment as the Chairman or a member of the Authority if:

11.1.1 The person has, within the preceding five years, been convicted in the United Kingdom, the Channel Islands or the Isle of Man of any offence and has had passed on the person a sentence of imprisonment (whether suspended or not) for a period of not less than three months without the option of a fine; or

11.1.2 The person has been adjudged bankrupt or has made a composition or arrangement with their creditors;

11.1.3 The person has been dismissed, otherwise than by reason of redundancy, from any paid employment with a health service body; or

11.1.4 The person has had their name removed, by a direction under section 46 of the 1977 Act, from any list prepared under Part II of the Act and has not subsequently had their name included in such a list; or

11.1.5 The person has been suspended as respects the provision of Part II services by direction of the Tribunal made pursuant to section 49A(2) or section 49B(1) of the 1977 Act.

11.1.6 The person whose tenure of office as the Chairman or a member of an Authority has been terminated pursuant to paragraph 9.3, 9.4, or 9.6, above;

11.1.7 The person is a Chairman or Director of an NHS Trust;

11.1.8 The person holds any paid appointment or office with a trade union which represents the interests of members who are employed by a health service body.

11.2 For the purpose of paragraph 11.1.1 the date of conviction shall be deemed to be the date on which the ordinary period allowed for making an appeal or application with respect to the conviction expires or, if such an appeal or application is made, the date on which the appeal or application is finally disposed of or abandoned or fails by reason of its not being prosecuted.

11.3 For the purposes of paragraph 11.1.3 a person shall not be treated as having been in paid employment by reason only of their Chairmanship or membership of a health service body.

12. CESSATION OF DISQUALIFICATION

12.1 Where a person is disqualified under regulation 11.1.2 by reason of having been adjudged bankrupt.

12.1.1 If the bankruptcy is annulled on the grounds that they ought not to have been adjudged bankrupt or on the ground that their debts have been paid in full, the disqualification shall cease on the date of the annulment.

12.1.2 If the person is discharged the disqualification shall cease on the date of their discharge.

12.2 Where a person is disqualified under Regulation 12.1.2 by reason of having made a composition or arrangement with their creditors, if they pay their debts in full, the disqualification shall cease on the date on which the payment is completed, and in any other case it shall cease on the expiry of five years from the date on which the terms of the deed of composition or arrangement are fulfilled.

12.3 Subject to paragraph 12.4 where a person is disqualified under Regulation 12.1.3 (dismissed employees) they may, after the expiry of a period of not less than two years, apply in writing to the Secretary of State for Health to remove the disqualification and the Secretary of State for Health may direct that the disqualification shall cease.

12.4 Where the Secretary of State for Health refuses an application to remove a disqualification, no further application may be made by that person until the expiration of two years from the date of the application, and this paragraph shall apply to any subsequent application.

12.5 Where a person is disqualified under Regulation 12.1.6 (certain chairmen and members whose appointments have been terminated), the disqualification shall cease on the expiry of a period of two years or such longer period as the appointing authority specifies when terminating their period of office, but the Secretary of State for Health may, on application being made to him by that person, or by that appointing authority, reduce the period of disqualification.

13. MEETINGS AND PROCEEDINGS

13.1 The meetings and proceedings of the Authority shall be conducted in accordance with the rules set out in Sections 15 - 19 inclusive, and with Standing Orders made under paragraph 13.2.

13.2 Subject to those rules, to Section 16, and to such directions as may be given by the Secretary of State for Health, the Authority shall make, and may vary or revoke, Standing Orders for the regulation of its proceedings and business and provision may be made in such Standing Orders for the suspension of them.

13.3 Subject to such directions as may be given by the Secretary of State for Health, the Authority may, on its own in the case of a committee or sub-committee of the Authority or jointly with other authorities in the case of a joint committee or sub-committee thereof, make, vary and revoke Standing Orders relating to the quorum, proceedings and place of meeting of such committee, joint committee or sub-committee but, subject to any such Standing Order, the quorum, proceedings and place of meeting shall be such as the committee, joint committee or sub-committee may determine.

14. DISABILITY OF CHAIRMAN AND MEMBERS IN PROCEEDINGS ON ACCOUNT OF PECUNIARY INTEREST

14.1 Subject to the following provisions of this regulation, if the Chairman or a member has any pecuniary interest, direct or indirect, in any contract, proposed contract, or other matter, and is present at a meeting of the Authority at which the contract, or other matter, is the subject of consideration, they shall, at the meeting, and as soon as practicable after its commencement, disclose the fact, and shall withdraw from the meeting and take no subsequent part in any discussion, decision of the contract or proposed contract, or vote on any question with respect to it.

14.2 The Secretary of State for Health may, subject to such conditions as the Secretary of State for Health may think fit to impose, remove any disability imposed by this regulation in any case in which it appears to the Secretary of State for Health in the interests of the health service that the disability shall be removed.

14.3 The Authority may, by Standing Orders made under Regulation 15.2, provide for the exclusion of the Chairman or a member from a meeting of the Authority while any contract, proposed contract, or other matter, in which they have a pecuniary interest, direct or indirect, is under consideration.

14.4 Any remuneration, compensation or allowances payable to the Chairman or a member by virtue of paragraph 9 of Schedule 5 to the 1977 Act (pay and allowances) shall not be treated as a pecuniary interest for the purpose of this regulation.

14.5 Subject to paragraphs 14.2 and 14.6, the Chairman or a member shall be treated for the purposes of this regulation as having indirectly a pecuniary interest in a contract, proposed contract or other matter if:

14.5.1 the person, or their nominee, is a director of a company or other body, not being a public body, with which the contract was made or is proposed to be made or which has a direct pecuniary interest in the other matter under consideration; or

14.5.2 the person is a partner of, or is in the employment of, a person with whom the contract was made or is proposed to be made or who has a direct pecuniary interest in the other matter under consideration;

and in the case of married persons living together the interest of one spouse shall, if known to the other, be deemed for the purpose of this regulation to be also an interest of the other.

14.6 The Chairman or a member shall not be treated as having a pecuniary interest in any contract, proposed contract, or other matter by reason only:

14.6.1 of their membership of a company or other body if they have no beneficial interest in any securities of that company or other body;

14.6.2 of an interest of his as a person providing Part II services of the 1977 Act which cannot reasonably be regarded as an interest more substantial than that of others providing such of those services as he provides;

14.6.3 of an interest in any company, body or person with which they are connected as mentioned in paragraph 14.5 which is so remote or insignificant that it cannot reasonably be regarded as likely to influence a member in the consideration or discussion of or in voting on, any question with respect to that contract or matter.

14.7 Where the Chairman or a member has an indirect pecuniary interest in a contract, proposed contract or other matter by reason only of a beneficial interest in securities of a company or other body, and the total nominal value of those securities does not exceed £5,000 or one-hundredth of the total nominal value of the issued share capital of the company or body, whichever is the less, and if the share capital is of more than one class, the total nominal value of shares of any one class in which they have a beneficial interest does not exceed one-hundredth of the total issued share capital of that class, this regulation shall not prohibit them from taking part in the consideration or discussion of the contract or proposed contract, or other matter or from voting on any question with respect to it, without prejudice however to their duty to disclose their interest.

14.8 This Regulation applies to a committee or sub-committee and to a joint committee or sub-committee as it applies to the Authority and applies to a member of any such committee or sub-committee (whether or not they are also a member of an authority) as it applies to a member of the Authority.

14.9 The Chief Executive will ensure that a Register of Interests is established to record formally, declarations of interests of members. In particular the Register will include details of all directorships and other relevant and material interests which have been declared.

14.10 Interests which should be regarded as "relevant and material" are:

- Directorships, including non-executive directorships held in private companies or PLCs (with the exception of those of dormant companies).
- Ownership or part-ownership of private companies, business or consultancies likely or possibly seeking to do business with the NHS.
- Majority or controlling share holdings in organisations likely or possibly seeking to do business with the NHS.
- A position of authority in a charity or voluntary organisation in the field of health and social care.
- Any connection with a voluntary or other organisation contracting for NHS services.

15. RULES AS TO MEETINGS AND PROCEEDINGS OF THE AUTHORITY

15.1 The first meeting of the Authority shall be held on such day and at such place as may be fixed by the Chairman, whom will be responsible for convening the meeting.

15.2 The Chairman may call a meeting of the Authority at any time.

15.3 If the Chairman refuses to call a meeting after a requisition for that purpose, signed by at least one half of the whole number of members has been presented to the Chairman, or if, without so refusing, the Chairman does not call a meeting within seven days after such requisition has been presented to the Chairman, such one-half or more members may forthwith call a meeting.

15.4 Before each meeting of the Authority, a notice of the meeting, specifying the business proposed to be transacted at it, and signed by the Chairman or by an officer of the Authority authorised by the Chairman to sign on the Chairman's behalf, shall be delivered to every member, or sent by post to the usual place of residence of such member, so as to be available to the Chairman and members at least three clear days before the meeting.

15.5 Want of service of the notice on any member shall not affect the validity of a meeting.

15.6 In the case of a meeting called by members in default of the Chairman, the notice shall be signed by those members and no business shall be transacted at the meeting other than that specified in the notice.

15.7 At any meeting of the Authority the Chairman, if present, shall preside.

15.8 If the Chairman and Vice-Chairman are absent, such member (who is not also an officer of the Authority) as the members present shall choose, shall preside.

15.9 Every question at a meeting shall be determined by a majority of the votes of the Chairman and members present and voting on the question and, in the case of any equality of votes, the person presiding shall have a second and casting vote.

15.10 The names of the Chairman and members present at the meeting shall be recorded in the minutes.

15.11 No business shall be transacted at a meeting unless at least one-half of the whole number of the Chairman and members is present.

If the Chairman or member has been disqualified from participating in the discussion on any matter and/or from voting on any resolution by reason of the declaration of a conflict of interest (refer to Section 14) the Chairman or member shall no longer count towards the quorum. If a quorum is then not available for the discussion and/or the passing of a resolution on any matter, that matter may not be discussed further or voted upon at that meeting. Such a position shall be recorded in the minutes of the meeting. The meeting must then proceed to the next business.

15.12 The minutes of the proceedings of a meeting shall be drawn up and submitted for agreement at the next ensuing meeting of the Authority where, if agreed, they will be signed by the person presiding over it.

15.13 Where one or more persons are appointed jointly to a post in the Authority which qualifies the holder for officer membership, either or both of those persons may attend and take part in meetings of the Authority. If both are present at a meeting they should cast one vote if they agree, or, In the case of disagreement no vote should be cast.

The presence of either or both of those persons should count as the presence of one person for the purposes of paragraph 15.6 of this schedule.

15.14 The normal meetings of the Authority are not open to the press or public. Once a year a public meeting of the Authority will be held, primarily to publicise the content of the Authority's Annual Report.

16. MOTIONS

16.1 Subject to the provisions of SO 16.1 and 16.2 a member of the Authority desiring to move a motion shall send a notice thereof at least 10 clear days before the meeting to the Chief Executive who shall insert in the agenda for the meeting all notices so received that are in order. This Standing Order shall not prevent any motion being withdrawn or moved without notice on any business mentioned on the agenda for the meeting (see 15.4).

16.2 The mover of a motion shall have a right of reply at the close of any discussion on the motion or any amendment thereto.

16.3 When a motion is under discussion or immediately prior to discussion it shall be open to a member to move:

16.3.1 an amendment to the motion;

16.3.2 the adjournment of the discussion or the meeting;

16.3.3 that the meeting proceed to the next business;

16.3.4 that the motion be remitted to any appropriate sub-committee of the authority which may have been appointed;

16.3.5 the appointment of an ad hoc committee to deal with a specific item of business;

16.3.6 that the question be now put.

Notice to motion to rescind any resolution (or the general substance of any resolution) which has been passed within the proceeding 12 calendar months shall bear the signature of the member who gives it and also the signature of two other members. When any such motion has been disposed of by the Authority it shall not be competent for any member, other than the Chairman, to propose a motion to the same effect within 12 months.

17. CHAIRMAN'S RULING

17.1 The decision of the Chairman of the meeting on question or order, relevancy and regularity (including procedure on handling motions) and the Chairman's interpretation of the Standing Orders, shall be final. In this interpretation the Chairman shall be advised by the Chief Executive.

18. VOTING

18.1 All questions put to the vote shall, at the discretion of the Chairman, be determined by oral expression, or by a show of hands provided that, upon any question the Chairman may direct, or it may be proposed, seconded and carried, a vote be taken by ballot.

18.2 If a majority of members present so request, the voting on any question may be recorded so as to show how each member present voted or did not vote.

18.3 If a member so requests, their vote shall be recorded by name.

18.4 In no circumstances may an absent member vote by proxy.

19. OFFICER APPOINTMENTS

19.1 Canvassing of members of the Authority or of any committee of the Authority directly or indirectly for any appointment under the Authority shall disqualify the candidate for such appointment. The purpose of this paragraph of this Standing Order shall be included in any form of application or otherwise brought to the attention of candidates.

19.2 A member of the Authority shall not solicit for any person any appointment under the Authority, or recommend any person for such appointment; but this paragraph of this Standing Order shall not preclude a member from giving a written testimonial of a candidate's ability, experience or character for submission to the Authority or any appointments to a sub-committee. This paragraph shall also not exclude the Chief Executive of the Authority making recommendation on appointment to the Authority following the Chief Executive's membership of an interview panel.

19.3 Candidates for any appointment under the Authority shall, when making application, disclose in writing to the Authority whether they are related to any member or to any officer of the Authority. Failure to disclose such a relationship shall disqualify a candidate and, if appointed, render them liable to instant dismissal. Every member and officer of the Authority shall disclose to the Authority any relationship between themselves and a candidate of whose candidature that member or officer is aware. It shall be the duty of the Chief Executive to report to the Authority any such disclosure made.

19.4 Where the relationship to a member of the Authority is disclosed, the Standing Order headed "Disability of Chairman and Members in proceedings on account of pecuniary interest", Section 14 shall apply.

19.5 Relationships to which this order applies are those of husband or wife or son or daughter or grandson or granddaughter or brother or sister or nephew or niece of the member or officer or the spouse of the member or officer.

20. CONTRACTING FOR GOODS AND SERVICES - COMPETITIVE TENDERING AND QUOTATIONS

20.1 Directives by the Council of the European Community prescribing procedures and GATT rules on public procurement for the awarding of contracts for building and engineering works and for the supply of goods, materials and manufactured articles and services, shall have effect as if incorporated in these Standing Orders.

20.2 Where consultancy advice is being obtained, the procurement of such skills must be in accordance with guidance issued by the Department of Health.

20.3 The Authority's approved suppliers will consist of suppliers who have been awarded a contract by the Authority and/or the NHS Purchasing and Supply Agency (PASA), Office of Government Commerce (OGC) and other Government Department's/Agency's framework agreements which the Authority is allowed to access. The Finance and Administrative Services Directorate will maintain and provide access to the Authority's approved suppliers.

The Director of Finance and Administrative Services shall ensure in obtaining both tenders and quotations the Authority's approved suppliers are referred to, with the exception of instances where the contract is to be advertised in accordance with the EC Procurement Directives where reference to approved suppliers is not permissible.

If in the opinion of the Chief Executive or a Director of the Authority it is impractical to refer to the approved suppliers (for example where specialist services or skills are required and there are insufficient suitable potential suppliers), the Director of Finance and Administrative Services shall ensure that appropriate checks are carried out as to the technical and financial capability of companies invited to tender or quote.

20.4 Where the estimated value of the item/service to be purchased is more than **£1,000** but less than **£50,000** (excl VAT), to ensure fair and adequate competition, no less than three written quotes are normally required. However, where a framework agreement is in place which has been arranged by either the Authority, the Purchasing & Supply Agency, the Office of Government Commerce or another Government Department/Agency, the framework agreement will be utilised without the need to undertake any further competitive process, unless the Budget Holder in consultation with the Director of Finance and Administrative Services determines otherwise.

Directors will compile a list of the officers, with respective thresholds, who are authorised to sanction acceptance of the cheapest quotes on behalf of their Division. The Purchasing Section will be made aware of all updates to this list, as and when they occur.

20.5 For an item/service less than **£1,000** (which excludes VAT, but which takes into account any additional commitments associated with the purchase eg maintenance) non-competitive quotations are acceptable, where in the opinion of the Budget Manager the item or service purchased is considered to be fair and reasonable.

Non-competitive quotations for items/services of a value of more than **£1,000** but not greater than **£10,000** (which excludes VAT, but which takes into account any additional commitments associated with the purchase eg maintenance) will be approved by the Budget Holder, where competition would not be practical taking into account all the circumstances, or where the item/service is required urgently and is not obtainable under existing contracts. Where competitive quotes have been sought between a value of more than **£1,000** but not greater than **£10,000** (which excludes VAT, but which takes into account any additional commitments associated with the purchase eg maintenance), Budget Holders

can also approve instances where the cheapest quote is not accepted. Where either of the above occur, Budget Holders will maintain a register of such instances.

Non-competitive quotations for items/services of a value of more than **£10,000** but not greater than **£50,000** (which excludes VAT, but which takes into account any additional commitments associated with the purchase eg maintenance) will be approved by the Chief Executive, where competition would not be practical taking into account all the circumstances, or where the item/service is required urgently and is not obtainable under existing contracts. Where competitive quotes have been sought with a value of more than **£10,000** but not greater than **£50,000** (excl VAT), the Chief Executive may approve instances where the cheapest quote is not to be accepted. Where either of the above occur, the Chief Executive will maintain a register of such instances.

20.6 All requisitions to purchase which have a value of **£1,000** or more will be submitted to the Purchasing Section (along with the original quotations) with a proforma detailing the process followed in awarding the order to the chosen supplier/contractor.

20.7 In obtaining either a tender or a competitive quotation an official specification must be provided to all suppliers. If at any stage the specification requires amendment, then all suppliers should be required to re-tender/re-quote on the revised specification. Faxed or e-mailed quotations from suppliers are acceptable.

20.8 Where the estimated value of the item/service to be purchased is over **£50,000** (excl. VAT), to ensure fair and adequate competition, no less than three written tenders are normally required. However, where a framework agreement is in place which has been arranged by either the Authority, the Purchasing & Supply Agency, the Office of Government Commerce or another Government Department/Agency, the framework agreement will be utilised without the need to undertake any further competitive process, unless the Budget Holder in consultation with the Director of Finance and Administrative Services determines otherwise. (For non-competitive tenders see Item 20.5).

Acceptance of tenders shall be authorised as follows:

20.8.1 In the case of competitive tenders **over £50,000** (excl VAT) but not greater than **£100,000** (excl VAT), Budget Holders will submit their recommendation to the Chief Executive for approval. The Chief Executive shall authorise tenders over **£50,000** up to **£100,000** (excl VAT), where this relates, in the first year, to the initial purchase cost. At the same time, the Chief Executive will also authorise any additional commitments in relation to the initial purchase (eg maintenance), to which the Authority will be contractually committed. The Chief Executive shall also approve (and maintain a register of) instances where the cheapest tender is not to be accepted.

20.8.2 The Management Board shall authorise competitive tenders **over**

£100,000 (excl VAT) **up to the value of £300,000** (excl VAT), where this relates, in the first year, to the initial purchase cost. At the same time, the Management Board will also authorise any additional commitments in relation to the initial purchase (eg maintenance) to which the Authority will be contractually committed. The Management Board will also authorise all ongoing maintenance contracts, regardless of value and shall also authorise acceptance in instances where the cheapest tender is not to be accepted.

20.8.3 The Authority shall authorise competitive tenders **over £300,000** (excl VAT), where this relates in the first year, to the initial purchase cost. At the same time, the Authority will also authorise any additional commitments in relation to the initial purchase (eg maintenance), to which the Authority will be contractually committed. The Authority shall also authorise acceptance in instances where the cheapest tender is not to be accepted.

20.8.4 In exceptional circumstances of an urgent nature, the Chairman may authorise acceptance of any tender or quotation with subsequent notice to the Authority.

20.9 Authorisation to obtain a non-competitive tender in excess of **£50,000** (excl VAT) will be made by the respective Budget Holder and approved by the Chief Executive where, in their opinion, competition would not be practical, taking into account all the circumstances, or where the item/service is required urgently and is not obtainable under existing arrangements.

20.9.1 In the case of non-competitive tenders the Chief Executive shall authorise tenders over **£50,000 up to £100,000** (excl VAT), where this relates, in the first year, to the initial purchase cost. At the same time, the Chief Executive will also authorise any additional commitments in relation to the initial purchase (eg maintenance) to which the Authority will be contractually committed. The Chief Executive will authorise acceptance of the tender, maintaining a register of such instances.

20.9.2 In the case of non-competitive tenders with a value **between £100,000 and £300,000** (excl VAT), the Management Board shall authorise tenders, where this relates in the first year, to the initial purchase cost. At the same time, the Management Board will also authorise any additional commitments in relation to the initial purchase (eg maintenance) to which the Authority will be contractually committed. The Management Board will also authorise all ongoing maintenance contracts regardless of value.

20.9.3 In the case of non-competitive tenders the Authority shall authorise tenders with a value of **more than £300,000** (excl VAT), where this relates, in the first year, to the purchase cost. At the same time the Authority will also authorise any additional commitments in relation to the initial purchase (eg maintenance), to which the Authority will

be contractually committed.

20.10 A tender reference will only be issued once the originator has provided the following information in writing to the Head of Estates and Services

20.10.1 Project title.

20.10.2 List of suppliers to tender (with full addresses).

20.10.3 Proposed date of issue.

20.10.4 Proposed date of return.

20.10.4 Specification of items/services required.

20.11 The Head of Estates and Services will arrange for the tender documentation to be issued. All suppliers will be required to submit no less than two copies of the completed tender documentation.

20.12 All invitations to tender shall state that no tender will be accepted unless submitted in a plain sealed package bearing a pre-printed label supplied by the Authority. The label will show the tender reference and the latest time and date of when the tender should be returned. Tender envelopes/packages shall not bear any names or marks indicating the sender.

All tenders shall be addressed to the Head of Estates and Services.

20.13 Every tender received shall be signed and dated adjacent to the tender price by the responsible officers at the time of opening.

20.14 Arrangements for the receipt and safe custody of tenders and records will be as follows:

20.14.1 The date and time of receipt of each tender shall be endorsed on the unopened tender envelope/package immediately upon receipt.

20.14.2 The Chief Executive shall designate an officer or officers to be responsible for the receipt, endorsement and safe custody of tenders.

20.15 As soon as possible after the date and time stated as being the latest time for receipt of tenders, the tenders shall be opened in the presence of two officers from a panel designated by the Chief Executive. An original copy of each tender submitted will be retained by the Head of Estates and Services for Audit purposes and the remaining copies will be passed by hand to the originator for assessment.

20.16 The Tender Register maintained by the Head of Estates and Services will list, for each set of tenders despatched, the following information:

20.16.1 The names and addresses of all firms invited to tender.

20.16.2 The date and time each respective tender was received.

20.16.3 The date and time the tenders were opened.

20.16.4 The total price of each tender submitted.

20.16.5 The Register shall be signed by the persons present at the opening of the tenders.

20.16.6 Once the successful tender has been approved by the Chief Executive or Authority as appropriate, the Register will also show:

- which supplier, with the final cost, was awarded the contract,
- the order number which was raised to the successful supplier.

20.17 If the number of tenders received is insufficient to provide adequate competition or tenders are late, amended, incomplete, qualified or otherwise, not strictly competitive, they shall, where necessary or appropriate, be dealt with in accordance with Departmental guidance current or obtained for the purpose of a particular case.

20.18 All invitations to tender and quote in respect of building construction repairs and maintenance, and engineering contracts, shall be initiated and controlled by the Head of Estates and Services.

20.19 The admissibility of tenders will be governed by the following considerations.

20.19.1 Technically, late tenders (i.e. those despatched in good time but delayed through no fault of the tenderer) may be regarded as having arrived in due time. This can be demonstrated if post-marked first class at least one day before the due date, and a proof of posting is provided.

20.19.2 Incomplete tenders (i.e. those from which information necessary for the adjudication of the tender is missing) and amended tenders (ie those amended by the tenderer upon their own initiative either orally or in writing after the due time for receipt) should be dealt with in the same way as late tenders.

20.19.3 Where a number of tenders are received after the due time and date, these may be considered only if the Chief Executive decides that there are exceptional circumstances (eg where marked financial, technical or delivery advantages would accrue) and is satisfied that there is no reason to doubt the bona fides of the tenders concerned.

The Chief Executive shall decide whether such tenders are admissible and whether re-tendering is desirable. Re-tendering may be limited to those tenders reasonably in the field of consideration in the original competition.

20.19.4 Necessary discussion with a tenderer of the contents of the tender in order to elucidate technical, or other points, before the award of a contract, need not disqualify the tender. Any variation by either party shall be confirmed in writing, and copied to the Head of Estates and Services.

20.19.5 Where decisions as to the admissibility of late, incomplete or amended tenders are under consideration, and while re-tenders are being obtained, the tender documents shall be kept confidential and held in safe custody.

20.20 Every contract which is subject to tender or quotation shall be embodied in a formal contract document. This formal contract document should reflect any change in the terms and conditions of contract agreed following receipt of tenders.

20.21 There shall be inserted in every written contract, a clause empowering the Authority to cancel the contract and to recover from the contractor the amount of any loss resulting from such cancellation, if the contractor shall have offered, or given, or agreed to give, any person any gift or consideration of any kind as an inducement or reward for doing or forebearing to do or for having done or forborne to do any action in relation to the obtaining or execution of the contract or any other contract with the Authority, or the like acts shall have been done by any person employed by him or acting on his behalf (whether with or without the knowledge of the contractor), or if in relation to any contract with the Authority the contractor or any person employed by him or acting on his behalf shall have committed any offence under the Prevention of Corruption Acts 1889 and 1916 and other appropriate legislation.

20.22 There shall be inserted in every written contract for the supply of goods or materials a clause to secure that, should the contractor fail to deliver the goods or materials or any portion thereof within the time or times specified in the contract, the Authority may without prejudice determine the contract either wholly or to the extent of such default and purchase other goods, or materials of similar description to make good (a) such default, or (b) in the event of the contract being wholly determined the goods or materials remaining to be delivered. The clause shall further secure that the amount by which the cost of so purchasing other goods or materials exceeds the amount which would have been payable to the contractor in respect of the goods or materials shall be recoverable from the contractor.

21. SUSPENSION OF STANDING ORDERS

21.1 Except where this would contravene any statutory provision or any direction made by the Secretary of State for Health, any one or more of the Standing Orders relating to the Regulation of its procedures and business, may be suspended at any meeting, provided that at least three quarters of the whole number of members of the Authority are present and so agree to suspend.

21.2 A decision to suspend Standing Orders shall be recorded in the minutes of the meeting.

22. VARIATION AND AMENDMENT OF STANDING ORDERS

22.1 These Standing Orders shall be amended only if:

- a notice of motion under Standing Order 14 has been given and;
- no fewer than half the total of the members present vote in favour of amendment and;
- at least three quarters of the Authority members are present and;
- the variation proposed does not contravene a statutory provision or direction made by the Secretary of State for Health.

23. STANDING ORDERS TO BE GIVEN TO MEMBERS AND OFFICERS

23.1 The Chief Executive shall give a copy of these Standing Orders to each member of the Authority and appropriate officers.

24. CODE OF CONDUCT AND ACCOUNTABILITY

24.1 All Authority Members are required, on appointment, to comply with the Code of Conduct and Accountability for NHS Boards.

24.2 The Code of Conduct and Accountability is the basis on which the Authority is required to fulfil the duties and responsibilities conferred upon it by the Secretary of State for Health.

25. SIGNATURE OF DOCUMENTS

25.1 Where any document will be a necessary step in legal proceedings on behalf of the Authority, it shall, unless any enactment otherwise requires or authorises, be signed by the Chief Executive of the Authority, or by any other officer of the Authority duly authorised for this purpose.

26. STANDING FINANCIAL INSTRUCTIONS

26.1 Standing Financial Instructions adopted by the Authority shall have effect as if incorporated in these Standing Orders.

27. OFFICERS

27.1 Wherever the title of Chief Executive is used in these Standing Orders it shall be deemed to include such other officers whom have been duly authorised to represent the Chief Executive.

28. URGENT DECISIONS

28.1 Where the Chairman of the Authority authorises urgent action in respect of a matter on behalf of the Authority which would normally have been considered by the Authority itself, such action shall be reported to the next meeting of the Authority.

SECTION 2

STANDING FINANCIAL INSTRUCTIONS

With effect from
10 July 2003

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1. INTRODUCTION

1.1 These Standing Financial Instructions (SFIs) are issued in accordance with the Financial Directions issued by the Secretary of State for Health under the provisions of Section 99 (3), 97 (A) (4) and (7) and 97 (AA) of the National Health Service Act 1977 for the regulation of the conduct of the Authority in relation to all financial matters. They shall have effect as if incorporated in the Standing Orders (SOs) of the Authority. These SFIs refer to the financial transactions of the Prescription Pricing Authority only.

1.2 Within the Instructions it is acknowledged that the Chief Executive, as accountable officer, will have ultimate responsibility for ensuring that the Authority meets its obligation to perform its functions within the financial resources made available to it. The Chief Executive has overall executive responsibility for the Authority's activities and is responsible to the Authority for ensuring that it stays within its resource and cash limits.

1.3 These Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by the Authority. They are designed to ensure that the Authority's financial transactions are carried out in accordance with the law and Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Scheme of Delegation which includes the Reservation of Powers to the Authority.

1.4 These Standing Financial Instructions identify the financial responsibilities that apply to everyone working for the Authority. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. The Director of Finance and Administrative Services must approve all financial procedures.

1.5 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions, the advice of the Director of Finance and Administrative Services MUST BE SOUGHT BEFORE ACTING. The user of these Standing Financial Instructions should also be familiar with and comply with the Authority's Standing Orders.

1.6 FAILURE TO COMPLY WITH STANDING FINANCIAL INSTRUCTIONS AND STANDING ORDERS IS A DISCIPLINARY MATTER THAT COULD RESULT IN DISMISSAL.

1.7 If for any reason these Standing Financial Instructions are not complied with, full details of the non-compliance and any justification for non-compliance shall be reported to the next formal meeting of the Audit Committee for referring action or ratification. All members of the Authority and Management Board, and all staff, have a duty to disclose any non-compliance with these Standing Financial Instructions to the Director of Finance and Administrative Services as soon as possible.

1.8 Any expression to which a meaning is given in the Health Service Act or in the Financial Directions made under the Act shall have the same meaning in these instructions; and

1.8.1 "Authority" means the Prescription Pricing Authority

1.8.2 "Budget" means an amount of resources expressed in financial terms proposed by the Authority for the purpose of carrying out over a specific period all or part of the functions of the Authority.

"Budget Holder" means the director or senior officer with delegated authority to manage finances (Income & Expenditure) for a specific area of the organisation.

"Budget Manager" refers to those Officers who are required to manage budgets on behalf of the respective Budget Holder

1.8.3 "Chief Executive" means the Chief Officer of the Authority (who is directly accountable to the Authority).

1.8.4 “Accountable Officer” means the NHS officer responsible and accountable for funds entrusted to the Authority. He/she shall be responsible for ensuring the proper stewardship of public funds and assets. The Accountable Officer for the Prescription Pricing Authority is the Chief Executive.

1.8.5 “Director of Finance and Administrative Services” means the chief financial officer of the Authority.

1.9 The Authority shall delegate executive responsibility for the performance of its functions to the Chief Executive who shall retain overall responsibility for all its activities. Members shall exercise financial supervision and control by requiring the submission and approval of budgets within allocations, by defining and approving essential features of financial arrangements in respect of important procedures and financial systems, including the need to obtain value for money.

1.10 The Chief Executive will delegate detailed responsibility for financial activities and controls to the Director of Finance and Administrative Services but retain overall accountability. The extent of such delegation will be determined in the Authority’s Scheme of Delegation and should be kept under review by the Authority.

1.11 Directors responsible for arranging contracts for the provision of items and/or services shall ensure that those contracts are correctly monitored and governed within the contract's terms and conditions.

1.12 All members of the Authority and employees, severally and collectively, are responsible for:

1.12.1 The security of the property of the Authority;

1.12.2 Avoiding loss;

1.12.3 Exercising economy and efficiency in the use of resources;

1.12.4 Conforming with the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation. It shall be the duty of any officer having evidence of or reason to suspect financial or other irregularities or impropriety in relation to these regulations to report these suspicions to the Director of Finance and Administrative Services. The Director of Finance and Administrative Services will instruct such officers as appropriate to investigate the suspicions thoroughly. These officers may include the Director of the service department concerned, the Internal Auditor, the Local Counter Fraud Specialist and the Chief Executive.

1.13 It shall be the responsibility of the Chief Executive through the Director of Human Resources to ensure that existing staff and all new employees are notified of their responsibilities within these instructions. In particular the current policy in relation to potential corruption, the acceptance of gifts and hospitality and staff relations with contractors, as set out in Appendix "A" to these SFIs is incorporated in the Staff Handbook. All staff will be required to sign a document to the effect that they have received, read and understood the current staff handbook.

In addition to the above, Budget Holders, Budget Managers and those staff who are involved in dealing directly with contractors/suppliers are also required to sign a document confirming that they have read and understood the Standing Financial Instructions and Standing Orders.

The Director of Human Resources shall be responsible for the issue and return of the signed documentation, which shall also encompass relevant new appointees.

1.14 The Chief Executive, through the Director of Finance and Administrative Services, shall be responsible for the implementation of the Authority's financial policies and for co-ordinating any corrective action necessary to further these policies.

1.15 The Director of Finance and Administrative Services is responsible for:

1.15.1 Implementing the Authority’s financial policies and for co-ordinating any corrective action necessary to further these policies;

1.15.2 Maintaining an effective system of financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;

1.15.3 Ensuring that sufficient records are maintained to show and explain the Authority's transactions, in order to disclose, with reasonable accuracy, the financial position of the Authority at any time and without prejudice to any other functions of the Authority, and employees of the Authority, the duties of the Director of Finance and Administrative Services shall include:

1.15.3.1 The provision of financial advice to the Authority and its employees;

1.15.3.2 The design, implementation and supervision of systems of internal financial control; and

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

1.16 The Director of Finance and Administrative Services shall require, in relation to any officer who carries out a financial function, that the form in which the records are kept and the manner in which the officers discharge their duties shall be to the Director of Finance and Administrative Services' satisfaction.

1.17 The Director of Finance and Administrative Services will ensure money drawn from the Department of Health against cash limited and non cash limited funds is required for approved expenditure only, and is drawn only at the time of need.

1.18 Wherever the title Chief Executive, Director of Finance and Administrative Services, or other nominated officer is used in these instructions, it shall be deemed to include such other directors or employees who have been duly authorised to represent them, except in respect of Banking Arrangements (See Section 4).

1.19 These Standing Financial Instructions are the basis under which all the Authority's expenditure and income, is controlled. In instances where there is specific funding through Project Boards on which there is representation by, and financial accountability to, an officer of the Department of Health, references to authorisation for expenditure within the SFIs may be superseded by alternative rules established for that Project Board.

1.20 In accordance with Standing Orders (and as set out in guidance issued by the Department of Health under EL(94)40), the Authority shall establish an Audit Committee. The terms of reference of the Audit Committee shall be drawn up and approved by the Authority, and incorporated in the Standing Orders. The

Audit Committee 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 compensations and making recommendations to the Authority.

1.21 Where the Audit Committee considers 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 Chairman of the Audit Committee should raise the matter in the first instance with the Director of Finance and Administrative Services and the Chief Executive. If the matter has still not been resolved to the Audit Committee's satisfaction, then the matter will be raised at a full meeting of the Authority.

2. PREPARATION, APPROVAL & CONTROL OF THE BUSINESS PLAN, BUDGETS & ESTIMATES

2.1 The Authority has a responsibility to prepare and submit financial plans in accordance with the requirements of the Department of Health or appropriate body. It shall perform its functions within the total of funds allocated by the Secretary of State for Health allowing for any planned changes in working balances during the year; all plans, financial approvals and control systems shall be designed to meet this obligation.

The Authority is required by statutory provisions not to exceed its resource and cash limits. The Chief Executive has overall responsibility for the Authority's activities and is responsible to the Authority for ensuring that it stays within its resource and cash limit.

2.2 The Chief Executive will compile and submit to the Authority an annual business plan which takes into account financial targets and forecast limits of available resources. The annual business plan will contain a statement of the significant assumptions on which the plan is based and details of major changes in workload, delivery of services or resources required to achieve the plan.

2.3 The Director of Finance and Administrative Services shall, in consultation with Budget Holders and Budget Managers, compile such financial estimates and forecasts, on both revenue and capital accounts, for both baseline and strategy monies as may be required from time to time by the Authority.

The Director of Finance and Administrative Services will ensure that money drawn from the Department of Health against the resource and cash limit is required for approved expenditure only, and is drawn only at the time of need in line with the Department of Health’s timetable.

2.4 The Director of Finance and Administrative Services shall, on behalf of the Chief Executive, prepare and submit budgets within the limits of available funds to the Authority for its approval prior to the commencement of each financial year.

The Director of Finance and Administrative Services must review the bases and assumptions used to prepare the budget and advise the Authority that, to the best of the Director of Finance and Administrative Services' knowledge and understanding, they are realistic. As a consequence the Director of Finance and Administrative Services shall have right of access to all Budget Holders on budgetary related matters.

Such budgets should relate to income and expenditure in that year and shall have supporting statements in order to explain any matter material to the understanding of those budgets, covering all revenue and capital items.

Alterations to budgets may be made as long as they are contained within that year's resource and cash limit, and authorised by the Director of Finance and Administrative Services.

2.5 The Chief Executive should take the necessary action to prevent the Authority's resource and cash limit being exceeded and changes to the budget which reflect material changes to the Authority's resource and cash limit should be received by the Authority.

2.6 The Director of Finance and Administrative Services shall provide the Authority, before a specified date each month, with a report showing the net expenditure of the Authority during the previous month and for the financial year to date, in comparison with the corresponding proportions of the approved budget to date. Explanations on any significant areas of over/under spending shall be provided, where necessary.

This paragraph should be read in conjunction with paragraph 2.15 below.

2.7 The Director of Finance and Administrative Services shall be responsible for ensuring that an adequate system of monitoring financial performance is in place to enable the Authority to fulfil its statutory responsibility to meet its Annual Revenue and Capital Resource Limits.

2.8 The Director of Finance and Administrative Services shall devise and maintain a system of budgetary control and all managers whom the Authority may empower to engage staff or otherwise incur expenditure, collect or generate income, shall comply with the requirements of those systems. The systems of budgetary control shall incorporate the reporting of, and investigation into, financial, workload, or manpower variances from budget, and the Director of Finance and Administrative Services shall be responsible for providing budgetary information and advice to enable the Chief Executive, and other operational managers and to carry out their budgetary responsibilities and issuing to all relevant staff, rules and procedures governing the operation of budgets.

2.9 The Director of Finance and Administrative Services shall devise and maintain adequate systems to ensure that the Authority can identify, implement and monitor opportunities for inclusion within Cost Improvements and Income Generation Programmes.

2.10 The Chief Executive may, in line with the Scheme of Delegation, delegate responsibility for a budget or a part of a budget to operational managers to permit the performance of defined activities. The terms of delegation shall include a clear definition of individual and group responsibilities for control of expenditure, exercise of virement, achievement of planned levels of service and the provision of regular reports upon the discharge of these delegated functions to the Chief Executive.

2.11 In carrying out their duties:-

2.11.1 the Chief Executive shall not exceed the budgetary limits set by the Authority,

2.11.2 officers shall not exceed the budgetary limits set for them by the Chief Executive,

2.11.3 the Chief Executive may vary the budgetary limit of an officer within their own budgetary limits.

2.12 Except where otherwise approved by the Chief Executive, taking account of advice from the Director of Finance and Administrative Services, budgets shall be used only for the purpose for which they were provided and any budgeted funds not required for their designated purposes shall revert to the immediate control of the Chief Executive.

2.13 Expenditure for which no provision has been made in an approved budget shall be incurred only after authorisation by the Chief Executive or the Authority.

2.14 The Director of Finance and Administrative Services shall keep the Chief Executive, informed of the financial consequences of changes in policy, pay awards and other events and trends affecting budgets and shall advise on the financial and economic aspects of future plans and projects.

2.15 The Authority is required by statutory provisions not to exceed the amount specified for the Authority, in relation to any given year, by the Secretary of State for Health in cash and resource terms.

2.16 By virtue of subsection 7(a) of Section 97A of the Act any sums received on behalf of the Secretary of State for Health in respect of:-

2.16.1 charges payable by or under any enactment (other than those arising under part II of the Act), and

2.16.2 any other income, including rents and profits from land and from sales of land,

are specified for the purposes of this section as sums received by an Authority under the Act in the appropriate financial year.

3. ANNUAL ACCOUNTS

3.1 The Director of Finance and Administrative Services, on behalf of the Chief Executive and the Authority, shall prepare, certify and submit annual accounts to the Secretary of State for Health in respect of each financial year in such a form as the Secretary of State for Health may with the approval of the Treasury direct (Section 98(2): NHS Act 1977, as amended).

3.2 The annual accounts shall be prepared in accordance with the Accounts Directions and the timetable provided from time to time by the Department of Health or such other authorised body.

4. BANKING ARRANGEMENTS

4.1 The Director of Finance and Administrative Services shall advise on the bank accounts required and shall open such accounts as the Authority may authorise. The Director of Finance and Administrative Services shall advise the bankers in writing of the conditions under which each account shall be operated. All funds shall be held in accounts in the name of the Authority. No officer other than the Chief Executive or Director of Finance and Administrative Services shall open any bank account in the name of the Authority.

4.2 The Authority shall hold an account with the Office of Paymaster General to be known as the Paymaster Account to be used for the receipt of resource limited advances from the Department of Health and for the funding of the Authority's main account to be held at its main bankers. Such funding of the main accounts shall be effected by way of a transfer of funds from the Paymaster Account.

4.3 The Authority shall hold a second account with the Office of Paymaster General for the receipt of non resource limited advances from the Department of Health and for the payment and receipt of all items classed as non resource limited.

4.4 The Chief Executive or Director of Finance and Administrative Services shall advise banks of any alteration in the conditions of operation of accounts that may be required by the financial directions of the Secretary of State for Health or by resolution of the Authority as may be necessary from time to time.

4.5 The Chief Executive or Director of Finance and Administrative Services shall advise bankers in writing of the officer(s) authorised to release money from, and draw cheques on, each bank account of the Authority and shall notify promptly the cancellations of any such authorisation.

4.6 The Authority's main bankers shall be HSBC PLC, PO Box 1LS, 50 Grey Street, Newcastle upon Tyne, NE99 1LS.

4.7 The Authority shall have at its main bankers sufficient accounts as deemed necessary by the Director of Finance and Administrative Services to ensure the secure operation of the Authority's cash transactions.

Any subsidiary accounts shall be funded by bank transfers drawn on the main account and signed by designated officers as specified in paragraph 4.9.

4.8 The Office of Paymaster General shall be authorised to honour all BACS payments, payable orders and money transfers drawn on both accounts and the main bankers shall be authorised to honour the same for payments drawn upon any account or accounts kept with the bank in the name of the Authority provided that the following requirements are fulfilled:-

- Paymaster Account. A schedule of payable orders shall be drawn up and shall require two signatures as specified in paragraph 4.9.

- Cash drawings which exceed £2,500 on one cheque, or non-cash drawings for sums greater than £10,000 will require a second signature as specified in paragraph 4.9.

- Any cheque drawn for cash, or in favour of one of the authorised signatories, or any cheque for a sum exceeding £500, will require a second signature, as specified in paragraph 4.10.

- Any inter bank transfer or CHAPS payments will require two signatures as specified in paragraph 4.9.

4.9 All schedules of payable orders, CHAPs payments and all hard copy interaccount bank transfers drawn on the main account shall be signed by two officers, one from each panel, these being:-

PANEL 1

Chief Executive, Director of Finance and Administrative Services, Director of Operations, Director of Information Technology, and Head of Financial Services.

PANEL 2

Deputy Director of Finance, Director of Pharmaceutical Policy and Services, Director of Planning and Corporate Affairs, Director of Human Resources and Management Accountant.

Any of the above officers may sign cheques, subject to the provision of paragraph 4.8 above in relation to the need for two signatures in certain circumstances.

All inter account bank transfers effected electronically shall be subject to on-line access being granted via password control by one of a group of primary delegates consisting of the signatories designated in panel one or panel two above.

4.10 Cheques drawn on Divisional bank accounts shall bear the signature of the Divisional Manager or one other nominated officer who will deputise on the Divisional Manager's behalf. Second signatories when required shall be determined by the Chief Executive or Director of Finance and Administrative Services and will comprise of a maximum of two further nominated officers.

4.11 The bank will be notified that bank balances shall be maintained at minimum levels consistent with the requirement that the overall balance of all bank accounts as a group should not be overdrawn.

4.12 The Director of Finance and Administrative Services should review the banking needs of the Authority at regular intervals to ensure that they reflect current business patterns and represent best value for money.

Following such reviews, the Director of Finance and Administrative Services shall determine whether or not re-tendering for services is necessary.

4.13 Tendering exercises should be undertaken when demanded by changed circumstances, or at intervals normally not exceeding 5 years from a previous tendering exercise. The Director of Finance and Administrative Services shall report the outcome of the tendering exercise to the Authority.

5. ASSET REGISTER, INVENTORY AND SECURITY OF ASSETS

5.1 The Chief Executive is responsible for the maintenance of both the Register of Assets and the Register of Inventory Items, taking account of the advice of the Director of Finance and Administrative Services concerning the form and the method of updating the registers.

5.2 Each employee has a responsibility to exercise a duty of care over the assets of the Authority and it shall be the responsibility of senior staff in all disciplines to apply appropriate routine security practices in relation to NHS assets. A substantial or persistent breach of agreed security practices shall be reported to the Head of Estates and Services, who shall then refer the matter to the Director of Finance and Administrative Services, who will determine the necessary action.

5.3 The Chief Executive shall define the items of equipment, which shall be recorded on either the Capital Asset Register or the Inventory Register. The Capital Charges Manual as issued by the Department of Health, will be considered when determining the minimum data set for the Capital Asset Register.

5.4 Additions to the fixed Asset Register must be clearly identified to an appropriate Budget Holder and be validated by reference to properly authorised and approved agreements, architect's certificates, suppliers invoices and other documentary evidence in respect of purchases from third parties; requisitions and wages records for own materials and labour including appropriate overheads.

5.5 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 invoices.

5.6 The Director of Finance and Administrative Services shall approve procedures for reconciling balances on fixed asset accounts in ledgers against balances on fixed Asset Registers.

5.7 The value of each asset shall be indexed to current values in accordance with methods specified in the Capital Charges Manual issued by the Department of Health.

5.8 The Director of Finance and Administrative Services shall calculate and account for capital charges as specified in the Capital Charges Manual issued by the Department of Health.

5.9 Budget Holders will ensure that the respective Asset Register for their Division(s) will be physically checked annually and all discrepancies shall be notified in writing to the Director of Finance and Administrative Services, who shall also arrange for a check by Finance staff of at least one site per annum.

5.10 The Asset Register and the Inventory Register shall also register items which are transferred from one division to another. It is the responsibility of the Budget Managers to inform the Director of Finance and Administrative Services of these changes.

5.11 Any damage to the Authority's premises, vehicles and equipment or any loss of equipment or supplies shall be reported by staff in accordance with the agreed procedure for reporting losses.

5.12 The Director of Finance and Administrative Services shall maintain an up-to-date Terrier of properties owned or leased by the Authority in accordance with the NHS Manual of Property Transactions. This should include details of location, tenancy (where appropriate) and custody of the deeds and lease documents.

6. SECURITY OF CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUMENTS

6.1 All receipt books, tickets, agreement forms, or other means of officially acknowledging or recording amounts received or receivable, shall be in a form approved by the Director of Finance and Administrative Services. Such stationery shall be ordered and controlled by the Director of Finance and Administrative Services and subject to the same precautions as are applied to cash.

6.2 ll officers whose duty it is to collect or hold cash shall be provided with a lockable cash box which will normally be deposited in a safe. The officer concerned shall hold only one key and all duplicates shall be lodged with the Authority's bankers or such other officer authorised by the Director of Finance and Administrative Services, and suitable receipts obtained. The loss of any key shall be reported immediately to the Director of Finance and Administrative Services. The Director of Finance and Administrative Services shall, on receipt of a satisfactory explanation, authorise the release of the duplicate key. All new safe keys will be despatched directly to the Director of Finance and Administrative Services from the manufacturers. The Director of Finance and Administrative Services shall be responsible for maintaining a register of authorised holders of safe keys.

6.3 All cash, cheques, postal orders and other forms of payment received by an officer shall be entered immediately in an approved form of register. All cheques and postal orders shall be crossed immediately "Not negotiable - A/c Prescription Pricing Authority". The remittances shall be passed to the cashier from whom a signature shall be obtained.

6.4 The opening of coin operated machines (including telephones) and the counting and recording of the takings shall be undertaken by two officers together, except as may be authorised in writing by the Director of Finance and Administrative Services, and the coin box keys shall be held by a nominated officer.

6.5 The Director of Finance and Administrative Services shall prescribe the system for the transporting of cash.

6.6 Wages shall be made up by staff in a room to which no unauthorised person may be admitted.

6.7 Official money shall not under any circumstances be used for the encashment of private cheques.

6.8 The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Authority is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Authority from responsibility for any loss.

6.9 During the absence (eg on holiday) of the holder of a safe or cash box key, the acting officer shall be subject to the same controls as the normal holder of the key. There shall be written discharge for the safe and/or cash box contents on the transfer of responsibilities and the discharge document must be retained for inspection.

6.10 All unused cheques and other orders shall be subject to the same security precautions as are applied to cash; bulk stocks of cheques shall normally be retained by the Authority's bankers and released by them only against a requisition signed by the Director of Finance and Administrative Services.

6.11 A Cheque Register shall be kept in which all cheque stocks ordered, received and issued shall be recorded and signed for by nominated officer(s). A separate register is to be kept of payable orders.

6.12 The use of a cheque-signing machine shall be subject to such special security precautions as may be required from time to time by the Director of Finance and Administrative Services.

6.13 The Director of Finance and Administrative Services shall ensure that all relevant staff are informed in writing on appointment, of their responsibilities and duties for the collection, handling or disbursement of cash, cheques and other monies.

6.14 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. (See Section 19 - Losses and Special Payments).

7. PAYMENT OF STAFF

7.1 No Director or employee may engage, re-engage or regrade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration unless:

a) authorised to do so by the Chief Executive; and is

b) within the limit of the Director's approved budget, funded establishment, and agreed staffing numbers.

7.2 Each employee shall be issued with a contract by Human Resources which shall comply with current employment legislation and be in the form approved by the Authority.

7.3 A Starting Note signed by an authorised officer and such other documents as required, shall be sent to the Director of Finance and Administrative Services (copy to Human Resources) immediately upon the employee commencing duty.

7.4 A Finishing Note signed by an authorised officer, and such other documents as required, shall be submitted to the Director of Finance and Administrative Services (copy to Director of Human Resources) immediately upon the effective

date of an employee's resignation, retirement or termination being known.

7.5 A Change Note shall be sent to the Director of Finance and Administrative Services with a copy to the Director of Human Resources, immediately upon the effective date of any change in the state of employment or personal circumstances of an employee being known.

7.6 All time records, pay sheets, and other pay records and notifications shall be certified and submitted in a form approved by the Director of Finance and Administrative Services.

7.7 The Director of Finance and Administrative Services, for staff employed by the Authority, shall be responsible for the final determination of pay, including the verification that the rate of pay and relevant conditions of service are in accordance with the national agreements, the proper compilation of the payroll and for payments made.

7.8 The Director of Finance and Administrative Services shall determine the dates on which the payment of salaries and wages are to be made, having regard to the general rule that it is undesirable to make payments in advance.

7.9 The tax position must always be established before any payment is made to an employee, member of the Authority, or contractor, and arrangements made to either deduct at source or separately notify Inland Revenue if the individual is liable.

7.10 All new employees shall be paid by bank credit transfer.

8. PAYMENT OF ACCOUNTS

8.1 The Director of Finance and Administrative Services shall be responsible for the prompt payment of accounts and claims. The term "payment" includes any arrangements established to settle payments upon a non-cash basis. Payment of contract invoices shall be in accordance with contract terms. All payments shall comply with the Government's policy on prompt payment.

8.2 All authorised officers shall inform the Director of Finance and Administrative Services promptly of all money payable by the Authority arising from transactions which they initiate, including contracts, leases, tenancy agreements and other transactions. To assist financial control, the Director of Finance and Administrative Services will maintain a register of regular payments.

8.3 The Director of Finance and Administrative Services shall be responsible for maintaining a system for the verification, recording and payment of all accounts payable by the Authority. This system will incorporate an approved officers signatories list of the Budget Holders, Budget Managers and their deputies who are authorised to certify the following:-

8.3.1 Goods have been duly received, examined, are in accordance with specification and order, are satisfactory and that the prices are correct (see exception - 8.3.7).

8.3.2 Work done or services rendered have been satisfactorily carried out in accordance with the order; that, where applicable, the materials used were of the requisite standard and that the charges are correct.

8.3.3 In the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, that the rates of labour are in accordance with appropriate rates, that the materials have been checked as regards quantity, quality and price and that the charges for the use of vehicles, plant and machinery have been examined.

8.3.4 Where appropriate, the expenditure is in accordance with regulations and that all necessary authorisations have been obtained.

8.3.5 The account is arithmetically correct; and

8.3.6 The account is in order for payment.

8.3.7 Appropriate prepayments will be permitted for instances relating to payments for rent, maintenance contracts and in those instances, where, as standard business practice demands, nominal prepayments are required (ie training, publications).

Prepayments which fall outside the above categories are only permitted where exceptional circumstances apply. In such instances:

(a) the appropriate Director must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the Authority if the supplier is at some time during the course of the prepayment agreement unable to meet their commitments;

(b) the Director of Finance and Administrative Services will need to be satisfied with the proposed arrangements before contractual arrangements proceed and;

(c) the Budget Holder is responsible for ensuring that all items due under a prepayment contract are received and must immediately inform the appropriate Director or Chief Executive if problems are encountered.

8.4 Where an officer certifying accounts relies upon other officers to do preliminary checking, wherever possible, will ensure that those who check delivery or execution of work, act independently of those who have placed orders and negotiated prices and terms.

8.5 In the case of contracts which require payment to be made on account, during progress of the works, the Director of Finance and Administrative Services shall make payment on receipt of a certificate from the appropriate qualified officer or outside consultant. Without prejudice to the responsibility of any Consultant, a contractor's account shall be subjected to such financial examination by the Director of Finance and Administrative Services and such general examination by the Head of Estates and Services as may be considered necessary, before the person responsible to the Authority for the contract, issues the final certificate.

8.6 The Director of Finance and Administrative Services may authorise advances on the imprest system for petty cash and other purposes as required. Individual payments must be restricted to the amounts authorised by the Director of Finance and Administrative Services.

8.7 The Director of Finance and Administrative Services shall ensure that payment for goods and services is made only when the goods and services have been properly received.

8.8 The Director of Finance and Administrative Services will be responsible for the prompt payment of dispensing contractors, in accordance with the Directions. All payments made will comprise of pricing system payments authorised in writing by the appropriate Divisional Managers of the Authority, and local payments authorised in writing by the approved relevant signatory of Health Authorities.

8.8.1 The Director of Finance and Administrative Services will be responsible for maintaining a system of verification and reconciliation of all payment data.

8.8.2 The Director of Finance and Administrative Services will be responsible for maintaining a system of verification of contractor bank account changes.

9. INCOME

9.1 The Director of Finance and Administrative Services shall be responsible for designing and maintaining systems for the proper recording, invoicing and collection of all monies due which shall incorporate the principles of internal checking and separation of duties.

9.2 The Director of Finance and Administrative Services is responsible for the prompt banking of all monies received.

9.3 All officers shall inform the Director of Finance and Administrative Services of money due to the Authority arising from transactions which they initiate.

9.4 The Director of Finance and Administrative Services is responsible for initiating the appropriate documentation with regard to these transactions.

9.5 The Director of Finance and Administrative Services is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health or statute. Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered the guidance contained in the Department of Health's *Commercial Sponsorship – Ethical Standards in the NHS* shall be followed.

9.6 The Director of Finance and Administrative Services will be responsible for arranging the level of rentals for newly acquired property and for reviewing rental and other charges.

9.7 The Director of Finance and Administrative Services shall ensure that appropriate systems exist for the recovery of outstanding debts.

9.8 Income not recovered shall be dealt with in accordance with Section 19 (Losses and Special Payments).

10. DISPOSAL OF ASSETS/INVENTORY ITEMS

10.1 The disposal of assets and inventory items will be the responsibility of the Director of Finance and Administrative Services.

10.2 All assets and inventory items which are considered to be surplus to the Authority's/Division's requirements or are considered to be beyond economical repair, should be listed on the appropriate documentation, authorised by the Budget Holder and forwarded to the Director of Finance and Administrative Services, who will decide upon if/how the item(s) will be disposed of.

10.3 The Director of Finance and Administrative Services shall satisfy himself as to whether or not there is evidence of negligence in use and shall report any such evidence to the Chief Executive.

11. STOCK CONTROL

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

11.2 The overall control of stock shall be the responsibility of the Director of Finance and Administrative Services, Director of Information Technology and Divisional Managers within their respective divisions. The designated manager shall be responsible for ensuring that stocks are kept at a minimum, consistent with good working practices.

11.3 The responsibility for security arrangements and the custody of keys for all stock locations shall be clearly defined in writing by the designated officer and agreed with the Director of Finance and Administrative Services. Wherever practicable stocks shall be marked as health service property.

11.4 All stock records shall be in such form and shall comply with such systems of control as the Director of Finance and Administrative Services may require.

11.5 A Finance Manual shall be issued to staff covering the procedures to be followed on receipt of goods.

11.6 All goods received shall be entered onto an appropriate goods received/stock record (whether a computer or manual system) on the day of receipt. If goods received are unsatisfactory, the records shall be marked accordingly. Further, where goods received are seen to be unsatisfactory, or short on delivery, they shall be accepted only on the authority of the designated officer and the supplier shall be notified immediately.

11.7 The issue of stocks shall be in accordance with the relevant sections of the Finance Manual.

11.8 All transfers and returns shall be recorded on forms/systems provided for the purpose and approved by the Director of Finance and Administrative Services.

11.9 Breakages and other losses of goods in stock shall be recorded as they occur. (See also Section 17 , Losses and Special Payments).

11.10 Stocktaking arrangements shall be agreed with the Director of Finance and Administrative Services and there shall be a physical check covering all items in stock at least once a year. The physical check shall involve at least one officer, other than the Storekeeper. The stocktaking records shall be numerically controlled and signed by the officers undertaking the check.

Any surplus deficiencies revealed on stocktaking shall be reported to the Director of Finance and Administrative Services immediately.

11.11 Where a complete system of stock control is not justified, alternative arrangements shall require the approval of the Director of Finance and Administrative Services.

12. COMPETITIVE TENDERING AND QUOTATIONS

12.1 Directives by the Council of the European Community prescribing procedures and GATT rules on public procurement for the awarding of contracts for building and engineering works and for the supply of goods, materials and manufactured articles and services shall have effect as if incorporated in these Standing Financial Instructions.

12.2 Where consultancy advice is being obtained, the procurement of such skills must be in accordance with guidance issued by the Department of Health.

12.3 The Authority's approved suppliers will consist of suppliers who have been awarded a contract by the Authority and/or the NHS Purchasing and Supply Agency (PASA), Office of Government Commerce (OGC) and other Government Department's/Agencies' framework agreements which the Authority is allowed to access. The Finance and Administrative Services Directorate will maintain and provide access to the Authority's approved suppliers.

The Director of Finance and Administrative Services shall ensure in obtaining both tenders and quotations the Authority's approved suppliers are referred to, with the exception of instances where the contract is to be advertised in accordance with the EC Procurement Directives where reference to approved suppliers is not permissible.

If in the opinion of the Chief Executive or a Director of the Authority it is impractical to refer to the approved suppliers (for example where specialist services or skills are required and there are insufficient suitable potential suppliers), the Director of Finance and Administrative Services shall ensure that appropriate checks are carried out as to the technical and financial capability of companies invited to tender or quote.

12.4 Where the estimated value of the item/service to be purchased is more than **£1,000** but less than **£50,000** (excl VAT), to ensure fair and adequate competition, no less than three written quotes are normally required. However, where a framework agreement is in place which has been arranged by either the Authority, the Purchasing & Supply Agency, the Office of Government Commerce or another Government Department/Agency, the framework agreement will be utilised without the need to undertake any further competitive process, unless the Budget Holder in consultation with the Director of Finance and Administrative Services determines otherwise. (For non-competitive quotes see Item 12.5).

Directors will compile a list of the officers, with respective thresholds, who are authorised to sanction acceptance of the cheapest quotes on behalf of their Division. The Purchasing Section will be made aware of all updates to this list, as and when they occur.

12.5 For an item/service less than **£1,000** (which excludes VAT, but which takes into account any additional commitments associated with the purchase eg maintenance) non-competitive quotations are acceptable, where in the opinion of the Budget Manager the item or service purchased is considered to be fair and reasonable.

Non-competitive quotations for items/services of a value of more than **£1,000** but not greater than **£10,000** (which excludes VAT, but which takes into account any additional commitments associated with the purchase eg maintenance) will be approved by the Budget Holder, where competition would not be practical taking into account all the circumstances, or where the item/service is required urgently and is not obtainable under existing contracts. Where competitive quotes have been sought between a value of more than **£1,000** but not greater than **£10,000** (which excludes VAT, but which takes into account any additional commitments associated with the purchase eg maintenance), Budget Holders can also approve instances where the cheapest quote is not accepted. Where either of the above occur, Budget Holders will maintain a register of such instances.

Non-competitive quotations for items/services of a value of more than **£10,000** but not greater than **£50,000** (which excludes VAT, but which takes into account any additional commitments associated with the purchase eg maintenance) will be approved by the Chief Executive, where competition would not be practical taking into account all the circumstances, or where the item/service is required urgently and is not obtainable under existing contracts. Where competitive quotes have been sought with a value of more than **£10,000** but not greater than **£50,000** (excl VAT), the Chief Executive may approve instances where the cheapest quote is not to be accepted. Where either of the above occur, the Chief Executive will maintain a register of such instances.

12.6 All requisitions to purchase which have a value of **£1,000** or more will be submitted to the Purchasing Section (along with the original quotations) with a proforma detailing the process followed in awarding the order to the chosen supplier/contractor.

12.7 In obtaining either a tender or a competitive quotation an official specification must be provided to all suppliers. If at any stage the specification requires amendment, then all suppliers should be required to re-tender/re-quote on the revised specification. Faxed or e-mailed quotations from suppliers are acceptable.

12.8 Where the estimated value of the item/service to be purchased is over **£50,000** (excl. VAT), to ensure fair and adequate competition, no less than three written tenders are normally required. However, where a framework agreement is in place which has been arranged by either the Authority, the Purchasing & Supply Agency, the Office of Government Commerce or another Government Department/Agency, the framework agreement will be utilised without the need to undertake any further competitive process, unless the Budget Holder in consultation with the Director of Finance and Administrative Services determines otherwise. (For non-competitive tenders see Item 12.9).

Acceptance of tenders shall be authorised as follows:

12.8.1 In the case of competitive tenders **over £50,000** (excl VAT) but not greater than **£100,000** (excl VAT), Budget Holders will submit their recommendation to the Chief Executive for approval. The Chief Executive shall authorise tenders over **£50,000** up to **£100,000** (excl VAT), where this relates, in the first year, to the initial purchase cost. At the same time, the Chief Executive will also authorise any additional commitments in relation to the initial purchase (eg maintenance), to which the Authority will be contractually committed. The Chief Executive shall also approve (and maintain a register of) instances where the cheapest tender is not to be accepted.

12.8.2 The Management Board shall authorise competitive tenders **over £100,000** (excl VAT) **up to the value of £300,000** (excl VAT), where this relates, in the first year, to the initial purchase cost. At the same time, the Management Board will also authorise any additional commitments in relation to the initial purchase (eg maintenance) to

which the Authority will be contractually committed. The Management Board will also authorise all ongoing maintenance contracts, regardless of value and shall also authorise acceptance in instances where the cheapest tender is not to be accepted.

12.8.3 The Authority shall authorise competitive tenders **over £300,000** (excl VAT), where this relates in the first year, to the initial purchase cost. At the same time, the Authority will also authorise any additional commitments in relation to the initial purchase (eg maintenance), to which the Authority will be contractually committed. The Authority shall also authorise acceptance in instances where the cheapest tender is not to be accepted.

12.8.4 In exceptional circumstances of an urgent nature, the Chairman may authorise acceptance of any tender or quotation with subsequent notice to the Authority.

12.9 Authorisation to obtain a non-competitive tender in excess of **£50,000** (excl VAT) will be made by the respective Budget Holder and approved by the Chief Executive where, in their opinion, competition would not be practical, taking into account all the circumstances, or where the item/service is required urgently and is not obtainable under existing arrangements.

12.9.1 In the case of non-competitive tenders the Chief Executive shall authorise tenders over **£50,000 up to £100,000** (excl VAT), where this relates, in the first year, to the initial purchase cost. At the same time, the Chief Executive will also authorise any additional commitments in relation to the initial purchase (eg maintenance) to which the Authority will be contractually committed. The Chief Executive will authorise acceptance of the tender, maintaining a register of such instances.

12.9.2 In the case of non-competitive tenders with a value **between £100,000 and £300,000** (excl VAT), the Management Board shall authorise tenders, where this relates in the first year, to the initial purchase cost. At the same time, the Management Board will also authorise any additional commitments in relation to the initial purchase (eg maintenance) to which the Authority will be contractually committed. The Management Board will also authorise all ongoing maintenance contracts regardless of value.

12.9.3 In the case of non-competitive tenders the Authority shall authorise tenders with a value of **more than £300,000** (excl VAT), where this relates, in the first year, to the purchase cost. At the same time the Authority will also authorise any additional commitments in relation to the initial purchase (eg maintenance), to which the Authority will be contractually committed.

12.10 A tender reference will only be issued once the originator has completed a pro-forma and returned this to the Head of Estates and Services. The information to be provided on the pro-forma will be as follows:-

- Project title.
- List of suppliers to tender (with full addresses).
- Proposed date of issue.
- Proposed date of return.
- Specification of items/services required.

12.11 The Head of Estates and Services will arrange for the tender documentation to be issued. All suppliers will be required to submit no less than two copies of the completed tender documentation.

12.12 All invitations to tender shall state that no tender will be accepted unless submitted in:

- a plain sealed package bearing a pre-printed label supplied by the Authority. The label will show the tender reference and the latest time and date of when the tender should be returned.
- Tender envelopes/packages shall not bear any names or marks indicating the sender.
- All tenders shall be addressed to the Head of Estates and Services.

12.13 Every tender received shall be signed and dated adjacent to the tender price by the responsible officers at the time of opening.

12.14 Arrangements for the receipt and safe custody of tenders and records will be as follows:-

- The date and time of receipt of each tender shall be endorsed on the unopened tender envelope/package immediately upon receipt.
- The Chief Executive shall designate an officer or officers to be responsible for the receipt, endorsement and safe custody of tenders.

12.15 As soon as possible after the date and time stated as being the latest time for receipt of tenders, the tenders shall be opened in the presence of two officers from a panel designated by the Chief Executive. An original copy of each tender submitted will be retained by the Head of Estates and Services for Audit purposes and the remaining copies will be passed by hand to the originator for assessment.

12.16 The Tender Register maintained by the Head of Estates and Services will list, for each set of tenders despatched, the following information:-

- The names and addresses of all firms invited to tender.

- The date and time each respective tender was received.

- The date and time the tenders were opened.

- The total price of each tender submitted.

- The Register shall be signed by the persons present at the opening of the tenders.

Once the successful tender has been approved by the Chief Executive or Authority as appropriate, the Register will also show:

- which supplier, with the final cost, was awarded the contract,

- the order number which was raised to the successful supplier.

12.17 If the number of tenders received is insufficient to provide adequate competition or tenders are late, amended, incomplete, qualified or otherwise not strictly competitive, they shall, where necessary or appropriate, be dealt with in accordance with Departmental guidance current or obtained for the purpose of a particular case.

12.18 All invitations to tender and quote in respect of building construction repairs and maintenance and engineering contracts shall be initiated and controlled by the Head of Estates and Services.

12.19 The admissibility of tenders will be governed by the following considerations:-

12.19.1 Technically, late tenders (i.e. those despatched in good time but delayed through no fault of the tenderer) may be regarded as having arrived in due time. This can be demonstrated if post-marked first class at least one day before the due date, and a proof of posting is provided.

12.19.2 Incomplete tenders (ie those from which information necessary for the adjudication of the tender is missing) and amended tenders (ie those amended by the tenderer upon their own initiative either orally or in writing after the due time for receipt) should be dealt with in the same way as late tenders.

12.19.3 Where a number of tenders are received after the due time and date these may be considered only if the Chief Executive decides that there are exceptional circumstances (eg where marked financial, technical or delivery advantages would accrue) and is satisfied that there is no reason to doubt the bona fides of the tenders concerned.

The Chief Executive shall decide whether such tenders are admissible and whether re-tendering is desirable. Re-tendering may be limited to those tenders reasonably in the field of consideration in the original competition.

12.19.4 Necessary discussion with a tenderer of the contents of their tender in order to elucidate technical or other points before the award of a contract need not disqualify the tender. Any variation by either party shall be confirmed in writing, and copied to the Head of Estates and Services.

12.19.5 Where decisions as to the admissibility of late, incomplete or amended tenders are under consideration and while re-tenders are being obtained, the tender documents shall be kept confidential and held in safe custody.

12.20 Every contract which is subject to tender or quotation shall be embodied in a formal contract document. This formal contract document should reflect any change in the terms and conditions of contract agreed following receipt of tenders.

13. CONTRACTING AND PURCHASING

13.1 No goods, services or works other than works and services executed in accordance with a contract and purchases from petty cash shall be ordered except on an Official Order and contractors shall be notified that they should not accept orders unless in an official form. Exceptionally, faxed orders shall be issued by the Purchasing Manager and only in cases of emergency or urgent necessity. In these instances the original order will still be sent through the post stating "Confirmation of Faxed Order".

13.2 Official orders shall be consecutively numbered, in a form approved by the Director of Finance and Administrative Services and shall include such information concerning prices or costs as required. The order shall incorporate an obligation on the supplier/contractor to comply with the Authority's Terms and Conditions of Purchase.

13.3 Requisition forms shall be issued to and signed only by the Budget Holders and Budget Managers so authorised by the Chief Executive. The list of authorised officers shall be maintained for management control purposes by the Director of Finance and Administrative Services.

13.4 Official Orders shall be authorised as follows:-

For Orders **up to** a value of **£5,000** (excl VAT) these will be authorised by the Purchasing Manager and in the Purchasing Managers absence, the Assistant Purchasing Manager, the Technical Accountant or the Head of Estates and Services.

For orders **in excess** of **£5,000** (excl VAT) two signatories are required. The two signatories will be the Director of Finance and Administrative Services and the Purchasing Manager. In instances where the Director of Finance and Administrative Services has been required to authorise the requisition then the order will be countersigned by another Director.

13.5 Details of all orders placed should be available to the Director of Finance and Administrative Services either in paper form or accessible through a computerised purchase ledger system.

13.6 The Director of Finance and Administrative Services should ensure that appropriate delegation arrangements are in existence to ensure that no order is issued for any item for which there is no budget provision. In exceptional circumstances, senior officers, acting only on the express approval of the Chief Executive, may issue an order where there is no budget provision.

13.7 Orders shall not be placed in a manner devised to avoid the financial limits specified by the Authority.

13.8 No order shall be issued for any item or items for which an offer of gifts, reward or benefit has been made to staff in the circumstances defined in Appendix A - Standards of Business Conduct.

13.9 Goods are not to be taken on trial or loan in circumstances that could commit the Authority to a future uncompetitive price.

14. PRESCRIPTION PROCESSING

14.1 The Chief Executive is responsible for the procedures governing the examining, checking and pricing of prescriptions for drugs, preparations, medicines, oxygen therapy equipment, listed chemical reagents and listed appliances supplied as part of pharmaceutical services under the National Health Service and for the certification of payments due to contracted General Medical Practitioners, Pharmacists and Appliance Contractors.

14.2 The procedures shall be in accordance with the terms of the Drug Tariff prepared under Regulation 18(1) of the National Health Service (Pharmaceutical Services) Regulations 1992 and any directions of the Secretary of State for Health.

15. PATIENT SERVICES

15.1 The Chief Executive is responsible for the procedures governing the NHS Low Income Scheme which determines claims for remission and repayment of NHS charges and travelling costs from members of the public from England and Wales in accordance with the NHS (Travelling Expenses and Remission of Charges) Regulations 1988 (as amended), and also for Scottish claims under the NHS (Travelling Expenses and Remission of Charges) (Scotland) Regulations 1988 (as amended).

15.2 The Chief Executive is responsible for the procedures governing the administration of the Prepayment Certificate Scheme, as directed by the Secretary of State, and the administration of Medical and Maternity Exemptions.

15.3 The Chief Executive is responsible for the procedures governing the administration of the issuing of Tax Credit Certificates.

16. MANAGED SERVICES

16.1 The Secretary of State for Health has directed the Prescription Pricing Authority to provide a range of Human Resource and Financial Services to named health organisations in order to assist the Secretary of State in the exercise of his functions.

16.2 The Chief Executive is responsible for ensuring that appropriate arrangements are in place to govern the relationship with managed service organisations.

17. INFORMATION TECHNOLOGY

17.1 The Director of Information Technology shall be responsible for the registration of the Authority with the Registrar for compliance with the Data Protection Act.

17.2 In order to ensure compatibility and compliance with the Authority's Computing Strategy, no computer hardware, software or facility will be procured without the authorisation of the Director of Information Technology.

17.3 The Director of Finance and Administrative Services shall be primarily responsible for the accuracy and security of the computerised financial data of the Authority in accordance with security retention and Data Protection policies as defined by the Director of Information Technology.

17.4 The Director of Information Technology shall devise and implement any necessary procedures to ensure adequate protection of the Authority's manual and computer data, programs and hardware for which the Director of Information Technology is responsible, from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Acts.

17.5 The Director of Information Technology shall ensure that adequate controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of all Authority finance as well as the efficient and effective operation of the system.

17.6 The Director of Finance and Administrative Services shall ensure that adequate controls exist such that the Finance Computer Operation is separated from development, maintenance and amendment.

17.7 The Director of Finance and Administrative Services and Director of Information Technology shall ensure that an adequate management (audit) trail exists through the computerised finance system.

17.8 The Director of Finance and Administrative Services shall satisfy himself that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation.

17.9 The Director of Finance and Administrative Services shall ensure that contracts for computing services for financial applications with another Health Authority or any other agency shall clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing transmission and storage. The contract should also ensure rights of access for audit purposes.

17.10 Where another Health Authority or any other agency provides a computer service for financial applications, the Director of Finance and Administrative Services shall periodically seek assurances that adequate controls outlined in 17.4, 17.5 and 17.6 above are in operation.

17.11 The Director of Finance and Administrative Services and the Director of Information Technology shall ensure that adequate controls exist to maintain the security, privacy, accuracy and completeness of financial data sent over transmission networks.

18. INTERNAL AUDIT

18.1 The Chief Executive shall be responsible for ensuring that there are arrangements to measure, evaluate and report on the adequacy and effectiveness of internal control and efficient use of resources by the establishment of an adequate Internal Audit function headed by the Director of Finance and Administrative Services. The staffing within the Audit Department shall be of sufficient quality and quantity to achieve the mandatory Internal Audit standards as laid down in Volume 1 of the NHS Internal Audit Manual.

18.2 The role and objectives of Internal Audit in the National Health Service are to review, appraise and report to management upon:

18.2.1 the soundness, adequacy and application of financial and other management controls.

18.2.2 the extent of compliance with, relevance and financial effect of, established policies, plans and procedures,

18.2.3 the extent to which the Authority's assets and interests are accounted for and safeguarded from losses of all kinds arising from:-

- Criminal offences
- Waste, extravagance and inefficient Administrative, poor value

for money or other cause.

18.2.4 the suitability and reliability of financial and other management data developed within the organisation

18.2.5 the adequacy of follow-up action to Audit reports.

Management's responsibility is to establish systems of internal control for all operations, both computerised and manual, for which it is responsible to ensure that these are properly run.

Internal Audit's basic objective is, therefore, to assist the various levels of management in discharging their duties and responsibilities by carrying out appraisals and making the necessary appropriate recommendations to management for operations under its control.

18.3 Internal Audit shall prepare and submit to the Authority Strategic Audit Plans to indicate the extent of audit cover proposed and to demonstrate the ability of the anticipated audit resource to address the Authority's internal audit need. These functions may be delegated by the Authority to the Audit Committee.

Internal Audit shall report annually to the Authority 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.

18.4 Internal Audit shall be entitled, without necessarily giving prior notice, to require and receive:

18.4.1 access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature (in which case, the Director of Finance and Administrative Services shall have a duty to safeguard the confidentiality),

18.4.2 access at all reasonable times to any land, premises or employee of the Authority,

18.4.3 the production or identification by any employee of any Authority cash, stores or other property under the employee's control,

18.4.4 explanations concerning any matter under investigation or review.

18.5 The Internal Audit function will (inter alia) cover the following:-

18.5.1 Reviewing and evaluating the system of internal financial control.

18.5.2 Reviewing and evaluating the systems of internal control, quality assurance, information, technical and computer process.

18.6 Where a matter arises which involves, or is thought to involve, irregularities concerning cash, stores or other property of the Authority, or any suspected irregularity in the exercise of any function of a pecuniary nature, the Director of Finance and Administrative Services shall be notified immediately.

18.7 The Director of Finance and Administrative Services via Internal Audit and the appointed Local Counter Fraud Specialist, shall investigate cases within the Authority of misappropriation or other irregularities in conjunction, where necessary, with relevant Managers and in consultation with the Police where appropriate.

18.8 The Director of Finance and Administrative Services shall report directly to the Chief Executive and shall refer audit reports to the appropriate officers designated by the Management Board Members. Failure to take remedial action within a reasonable period shall be reported to the responsible Manager. Where, in exceptional circumstances, the use of normal reporting channels could be seen as a possible limitation on the objectivity of the audit, Internal Audit shall have access to report directly to the Chief Executive, the Chairman or Vice-Chairman of the Authority or the Audit Committee Chairman.

19. LOSSES AND SPECIAL PAYMENTS

19.1 Losses fall into three categories as defined in Circular (78)42 and the action required is dependent on this classification. The categories are defined as:

Category 1 Losses apparently cause by theft, fraud, arson, neglect of duty or gross carelessness.

Category 2 Losses apparently caused through the inefficient operation of administrative controls or financial control systems.

Category 3 Other losses.

19.2 Any employee discovering or suspecting a loss of any kind must immediately inform their respective Director, who must immediately inform the Chief Executive and the Director of Finance and Administrative Services. Where a criminal offence is suspected, the Director of Finance and Administrative Services must immediately inform the police if theft or arson is involved. The Director of Finance and Administrative Services must notify the Department of Health and both Internal and External Auditors of all frauds.

19.3 For Category 1 losses, except those which are of a trivial nature the Chief Executive will immediately notify:

19.3.1 The Authority for appropriate action in accordance with circular FDL(95)27.

19.3.2 The Director of Finance and Administrative Services.

19.3.3 The External Auditor appointed by the Audit Committee.

19.4 The Authority shall approve the writing-off of losses within the limits delegated to it from time to time by the Department of Health. The Authority is required to keep a comprehensive list of all losses and special payment cases within a financial year using the appropriate documentation as stated in FDL(95)27. The list will be requested by the Department of Health, from which they will select case files for review. The Authority shall delegate its responsibility to approve write-offs and authorise special payments to the Chief Executive and Director of Finance and Administrative Services acting jointly, for losses other than those classified as Category 1. The Director of Finance and Administrative Services shall maintain a Losses Register recording all losses written off and special payments.

The authorisation limits are shown below:

Losses		**£**
19.4.1	Losses of cash due to:	
	a) theft, fraud, etc	50,000
	b) overpayments of salaries, wages, fees and allowances	50,000
	c) other causes, including un-vouched or incompletely vouched payments, overpayments other than those included under 1(b); physical losses of cash and cash equivalents eg stamps due to fire (other than arson), accident and similar causes.	50,000
19.4.2	Fruitless payments (including abandoned capital schemes)	250,000
19.4.3	Bad debts and claims abandoned:	50,000
19.4.4	Damage to buildings, their fittings, furniture and equipment and loss of equipment and property in stores and in use due to:	
	a) culpable causes e.g. theft, fraud, arson or sabotage whether proved or suspected, neglect of duty or gross carelessness.	50,000
	b) other causes	50,000
19.4.6	Extra contractual payments to contractors	50,000

Losses			**£**
19.4.7	Ex gratia payments		
	a)	to staff for loss of personal effects	50,000
	b)	for personal injury claims involving negligence where legal advice obtained and relevant guidance has been applied	1,000,000 including plaintiff's cost
	c)	other personal injury claims	50,000
	d)	Special payment	1,000
19.4.8	Extra statutory and extra regulationary payments.		NIL

19.5 No special payments exceeding the delegated limits shall be made without prior Department of Health approval.

19.6 The Director of Finance and Administrative Services shall be authorised to take any necessary steps to safeguard the Authority's interest in bankruptcies and company liquidations.

19.7 Payments in respect of lost prescription batches must be authorised in advance by the Department of Health and notified by the Department of Health to the Director of Finance and Administrative Services prior to payments being made. These will be included in the Losses and Special Payments Register under Category 3.

19.8 Payments in respect of oxygen services will be dealt with in line with guidance issued by the Department of Health. These will be recorded in the Losses and Special Payments Register, but do not require prior approval of the Department of Health.

20 QUALITY ASSURANCE

20.1 The Chief Executive is responsible for providing a central continuous evaluation of data input accuracy and prescription processing, carrying out systematic monitoring and overchecking of prescription processing.

20.2 The Director of Pharmaceutical Policy and Services shall submit an Annual Report to the Authority on prescription pricing accuracy.

21. FRAUD INVESTIGATION

21.1 In line with the responsibilities as set out in Secretary of State's Directions of 23 July 2001, the Authority's Chief Executive and Director of Finance and Administrative Services shall monitor and ensure compliance with:

- the requirement to have in place a Local Counter Fraud Specialist (LCFS),

reporting to the Director of Finance and Administrative Services and working with staff in the NHS Counter Fraud and Security Management Services Authority in accordance with the NHS Counter Fraud and Corruption Manual.

- the protocol governing the Authority's assistance to the NHS Counter Fraud and Security Management Services Authority.

22. EXTERNAL AUDIT

22.1 The external audit of the PPA is governed by Part 1 of the National Health Service and Community Care Act 1990 and the Code of Audit Practice for England and Wales. The audit is undertaken by auditors appointed by the Audit Commission.

22.2 Appointed auditors' powers to obtain documents and information are conferred by section 16 of the Local Government Act 1982 and schedule 4/1990. This legislation provides that the auditors shall have right of access at all reasonable times to all such documents relating to the body they audit as appear necessary for the purposes of their functions under the 1982 Act. They are also entitled to require from any person holding or accountable for any such documents such information as they think necessary for the purposes of those functions.

These rights of access extend to the annual audit of all systems, establishments and processes associated with the PPA's functions.

23. RISK MANAGEMENT

23.1 The Chief Executive shall ensure that the Authority has a programme of risk management, in accordance with current Department of Health controls assurance requirements, which must be approved and monitored by the Authority and Audit Committee.

23.2 The programme of risk management shall include:

23.2.1 A process for identifying and quantifying risks and potential liabilities;

23.2.2 Engendering among all levels of staff a positive attitude towards the control of risk;

23.2.3 Management processes to ensure that all significant risks and potential liabilities are addressed including effective systems of internal control and decisions on the acceptable level of retained risk;

23.2.4 Contingency plans to offset the impact of adverse events;

23.2.5 Audit arrangements including internal audit and health and safety reviews

23.2.6 Arrangements to review the risk management programme.

The existence, integration and evaluation of the above elements will assist in providing a basis to make a statement on the effectiveness of internal control within the Annual Report and Accounts as required by the Department of Health.

STANDARDS OF CONDUCT IN PUBLIC LIFE

RELATIONS WITH CONTRACTORS

The nature of the Authority's activities often calls for a close working relationship with commercial organisations and whilst it is in no way implied that staff or contractors with whom the Authority has dealings, are likely to act improperly in such circumstances, it must be recognised that by virtue of their position, staff involved in the placing, supervision or overall control of contracts could be particularly vulnerable to criticism. Certain rules therefore exist to safeguard the interests of the staff concerned.

These rules covering private interests and the acceptance of gifts, rewards and hospitality are referred to in the Authority's contracts. These rules are also set out below in order to remind staff of the high standards which are required in their dealings with contractors.

PRIVATE INTERESTS

No PPA contract may be let to an officer in the Authority, or to any partnership of which the officer is a member (except for a corporation in which the officer is a shareholder), or to any company of which the officer is a director (except as a nominee of the PPA) unless the appropriate Director or the Chief Executive has given permission for the letting of the contract to proceed. In such a case the officer must disclose the full measure of their interest in the contract to their Director who will notify the Chief Executive.

No officer may accept a directorship, except as a nominee of the PPA in any company holding a contract with the Authority without the express permission of the appropriate Director or Chief Executive. Permission should be sought through their Director who will make a submission to the Chief Executive.

Any member of staff who comes into official contact with any matter concerning a business organisation in which they have an interest must disclose this interest to their Director and ask that some other officer may deal with the matter.

GIFTS, REWARDS AND HOSPITALITY

The Standard Conditions of Government Contracts prohibit a contractor from offering or making a gift or other consideration of any kind as an inducement to some action pertaining to a contract and refer to the Prevention of Corruption Acts 1889 to 1916. Under these Acts it is an offence for an officer corruptly to solicit or accept any gift or consideration as an inducement or reward for:-

i) doing or refraining from doing, anything in their official capacity, or
ii) showing favour or disfavour to any person in their official capacity
iii) any such offer, gift (except in the circumstances detailed below) or irregular suggestion is made to an officer either in connection with a contract or with the object of obtaining preferential treatment prior to the acceptance of a contract,

the facts must be reported immediately to their Director. No officer concerned in any way with official contracts or purchasing should ever disclose their private address to a contractor.

CASUAL AND CHRISTMAS GIFTS

Although casual gifts offered to staff by contractors, organisations, firms or individuals may not be in any way connected with the performance of official duty so as to constitute an offence under the Prevention of Corruption Acts they must nevertheless be declined. Special difficulties can occur at Christmas time when commercial custom and practice may lead to gifts being sent to customers including possibly the Prescription Pricing Authority's staff. Nothing more than a calendar, diary, blotter or other simple item of office equipment of modest value can be accepted, and then only if it bears the company's name or insignia and can thus be regarded as being in the nature of advertising matter. Offers of all other gifts must therefore be politely but firmly refused or if received through the post, returned to the donor with a suitably worded covering letter signed by a Divisional Manager or above.

HOSPITALITY

Staff should exercise the utmost discretion in accepting outside hospitality of any kind. Acceptance may make it difficult to avoid some obligation to the party offering it, and might later be thought to have affected an officer's impartiality in dealing with official matters.

There is an important difference between, for example, authorised attendance in an official capacity at a function and the acceptance of hospitality from a private individual or firm standing to benefit from the goodwill of the Authority. Particular care should be exercised in dealing with contractors/developers. In general, invitations should be declined, as acceptance, particularly if repeated, may make it difficult to avoid an obligation or may be capable of misconstruction.

It will not always be possible or even desirable to reject offers of hospitality on a modest scale. The decision whether to accept or not must depend on the circumstances in each case, bearing in mind the need to act discreetly at all times. Where it is clearly evident that the work of the Authority would be facilitated, invitations to attend receptions, luncheons, cocktail parties and the like may be accepted under the following rules:-

a) No officer below the rank of Grade 9 or an officer at a broadly comparable level in other groups may accept an invitation without first obtaining the approval of a senior officer at that level or above. In exceptional circumstances where it is not possible to seek prior approval, the facts should be reported immediately afterwards.

b) If addressed personally, such an invitation may not be transferred to another officer except with the consent and approval of a senior officer as in sub-paragraph (a) above and with the concurrence of the party issuing the invitation.

c) Invitations involving attendance outside normal working hours may be accepted only on the authority of an officer of, or above Director grade.

Any officer who has any doubts about the wisdom of accepting any hospitality should consult a senior officer.

If an officer is pressed to accept an offer of hospitality about which they have doubts, or if an offer of hospitality has been approved and accepted but subsequently raises doubts in the officer's mind about its purpose, they must immediately report the facts to their Director.

USE OF SERVICES OF AUTHORITY CONTRACTORS

No officer may purchase goods from or use the service of a contractor on preferential terms for private purposes if these terms are given either directly or indirectly because of the contractual or other official business relationship either potential or actual between the contractor and the authority.

CONTRACTS STAFF

Whilst the above rules apply to all staff whose duties bring them into contact with contractors, they are of particular importance to staff in contracts and purchasing sections who are in close touch with commercial firms seeking the opportunity to tender for the Authority's services. It is important that the actions of such staff should be manifestly above suspicion of bias in favour of a particular firm and every care must be taken not to disclose 'in confidence' information eg tender prices. The utmost discretion must therefore be exercised if offers of hospitality, gifts etc are received from contractors with whom staff deal in the course of their official duties; dealings must be kept strictly on a business footing and the highest standard of watchfulness and integrity must be maintained at all times.

USE OF PPA COMPUTERS

The Authority has made a substantial investment in the development of computer systems. To protect the computer system developed by the Authority and the prescription data held on these systems, as well as system documentation and project control data, no programs, computer games or software may be run on any of the Authority's mainframes, minis or micros without the authorisation of the Director of Information Technology.

In addition, equipment which has not been purchased by the Authority or which is not part of the normal range of the companies engaged by the PPA to maintain the Authority's computer equipment, should not be attached or connected to any of the Authority's computer equipment, without the authorisation of the Director of Information Technology.

Any officer who runs any unauthorised or unlicensed programs, computer games or software on any of the Authority's computers (mainframes, minis, micros) or attaches/connects any unauthorised equipment will be subject to PPA disciplinary procedures.

Any officer who uses PPA systems to attack, subvert or cause problems for any third parties will be subject to PPA disciplinary actions.

ADDENDUM 1

NATIONAL HEALTH SERVICE UNIVERSITY (NHSU) AMENDMENTS TO SFI's

1. Background

The NHSU is a national initiative forming a key part of the programme to modernise the NHS and is due to be formally launched in Autumn 2003. Until this formal launch, the NHSU requires the services of a host authority with regard to financial, procurement and human resource services. The Prescription Pricing Authority has agreed to become the NHSU's host authority, subject to a protocol between the two parties. Contracts awarded/issued by the Prescription Pricing Authority on behalf of the NHSU, will, where appropriate, be transferred to the NHSU, once their status changes and they become a legal entity in their own right.

To this end, the NHSU will operate under the Prescription Pricing Authority's Standing Financial Instructions (SFIs) and Standing Orders (SO's), as amended.

This addendum outlines the amendments and revised definitions pertaining to the NHSU.

2. General Definitions

The following expressions within the PPA SFIs shall have meaning for the NHSU as detailed below :-

"Audit Committee" means an NHSU Audit Committee which has the PPA Director of Finance and Administrative Services co-opted on to it;

"Budget Holder" or "Budget Manager" shall mean the officers defined on the NHSU Scheme of Delegation;

"Chief Executive" shall mean the NHSU Chief Executive, except with regard to item 4 – "Banking Arrangements";

"Counter Fraud Services, Strategy Officer" shall mean the NHSU Project Director;

"Director of Information Technology" shall mean the NHSU Project Director;

"Divisional Managers" shall mean the NHSU Project Director;

"Director" shall mean the NHSU Chief Executive;

"Head of Estates and Services" shall mean the NHSU Project Director;

3. Amendments to Specific Sections/Items in the SFIs:

Item 1.13 Amend first paragraph of section 1.13 and insert "NHSU" in front of Staff Handbook.

Item 1.22 Delete 1st line of the 1st paragraph:

In accordance with Standing Orders (and as set out in guidance issued by the Department of Health under EL(94) 40), the Authority shall establish an Audit Committee.

Replace with:

The NHSU shall establish an audit committee (as set out in guidance issued by the Department of Health under EL (94) 40), that shall include membership of the PPA Director of Finance and Administrative Services.

Item 1.23 Delete 2nd line of the 2nd paragraph:

If the matter has still not been resolved to the Audit Committee's satisfaction, then the matter will be raised at a full meeting of the Authority.

Replace with:

If the matter has still not been resolved to the Audit Committee's satisfaction, then the matter will be raised with the Department of Health.

Item 2.5 Delete section 2.5 and replace with:

The Chief Executive should take the necessary action to prevent the Authority's resource and cash limit being exceeded as set out in section 5.1 of the protocol between the PPA and NHSU**.**

Section 3 Annual Accounts

Delete section 3.1 and 3.2 and replace with:

3.1 The annual accounts for all expenditure and income pertaining to the NHSU shall be prepared in a form at agreed by the Secretary of State for Health and will not form part of the PPA's main account.

Section 5 Asset Register, Inventory and Security of Assets

Items 5.1 to 5.12 to be deleted and replaced with:

Risk in and title to any equipment or other tangible property purchased by the PPA on behalf of the NHSU shall vest in the NHSU and the NHSU shall be responsible for accounting for such assets on the Department of Health asset register (as RfR1 assets).

Section 12 Competitive Tendering & Quotations

Replace all references in Section 12 to "Authority" with "NHSU".

Section 14 Prescription Processing

Section 14 is not applicable to the NHSU

Section 15 Patient Services

Section 15 is not applicable to the NHSU

Item 19.7 Item 19.7 is not applicable to the NHSU.

Item 19.8 Item 19.8 is not applicable to the NHSU.

Item 22.2 Delete 2nd paragraph and replace with:

These rights of access extend to the annual audit of all systems, establishments and processes associated with the PPA and NHSU's functions.

SECTION 3

SCHEME OF DELEGATION

With effect from
10 July 2003

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1. ROLE OF THE CHIEF EXECUTIVE

1.1 All powers of the Authority that have not been retained as reserved for the Authority or otherwise delegated to a committee, sub-committee or other body, shall be exercised on behalf of the Authority by the Chief Executive.

1.2 This reflects the responsibility of the Chief Executive as the Accountable Officer for the Authority. The Chief Executive shall prepare and maintain a detailed Schedule of Delegation identifying the functions he/she shall perform personally and those delegated to directors. Such delegated powers can be undertaken by the Chief Executive when the need arises.

1.3 The identification of specified directors under this scheme of delegation does not, unless specifically stated, limit their discretion to allocate a task to subordinates, but the director concerned will always be held accountable for those tasks assigned as responsible officer, regardless of any subsequent delegation.

1.4 In the absence of the Chief Executive, powers delegated to him/her may be exercised by the Director of Finance and Administrative Services or, in his/her absence, such other director determined by the Chief Executive with the agreement of the Chairman. In the absence of directors their delegated powers will normally revert to the Chief Executive unless an alternative nominated officer is agreed by the Chief Executive and the Chairman.

1.5 Powers are delegated to officers on the understanding that they would not exercise powers in a manner which, in their judgement was likely to give rise to public concern.

2. RESERVATION OF POWERS TO THE AUTHORITY

2.1 The "Code of Accountability", which has been adopted by the Authority, requires the Authority to determine those matters on which decisions are reserved unto itself. These reserved matters are set out below.

2.2 GENERAL ENABLING PROVISION

The Authority may determine any matter it wishes in full session within its statutory powers.

2.3 REGULATION AND CONTROL

2.3.1 To approve Standing Orders, Standing Financial Instructions and the Scheme of Delegation for the regulation of its proceedings and business, and any subsequent variations thereto.

2.3.2 To re-affirm Standing Orders, Standing Financial Instructions and the Scheme of Delegation and any subsequent variations thereto on an annual basis following their review.

2.3.3 To receive and review the Register of Interests declared by members, which may conflict with those of the Authority and determining the extent to which that member may remain involved with the matter under consideration.

2.3.4 To approve the disciplinary procedure for officers of the Prescription Pricing Authority.

2.3.5 To approve the arrangements for dealing with complaints.

2.3.6 To consider the implications of Department of Health guidance and to take appropriate action thereon.

2.3.7 To receive reports from other statutory or official bodies, including committees which the Authority is required by the Secretary of State or other regulation to establish, and to take appropriate action thereon.

2.3.8 To ratify any urgent decisions taken by the Chairman in accordance with Standing Order 28.

2.3.9 To ensure that the Authority takes positive steps to promote equality of opportunity and that appropriate arrangements for monitoring are established under the Race Relations (amendment) Act 2000, including the approval of the PPA Race Equality Plan.

2.4 APPOINTMENTS

2.4.1 To appoint and dismiss members of committees or sub-committees of the Authority, and approve the Terms of Reference for such committees or sub-committees.

2.4.2 To appoint, appraise, discipline and dismiss, as appropriate, the Chief Executive.

2.4.3 To participate in the appointment of officers to vacant director posts.

2.5 STRATEGY AND BUSINESS PLANS AND BUDGETS

2.5.1 To contribute to the formulation of the strategic aims and objectives of the Authority.

2.5.2 To approve annually:

a) The updated Authority strategy
b) The Authority's Business Plan
c) The Authority's Annual Revenue and Capital Budgets

2.6 POLICY DETERMINATION

To approve management policies, for example Human Resources and Health and Safety policies, incorporating the arrangements for the appointment, removal, remuneration and training of staff.

2.7 FINANCIAL AND PERFORMANCE MONITORING

2.7.1 To approve on an annual basis the Authority's use of the Resource Limit for the year.

2.7.2 To appraise the financial position of the Authority, by receiving a report at each meeting from the Director of Finance.

2.7.3 To appraise other aspects of performance monitoring by receiving periodic reports linked to progress in achieving the Authority's objectives as set out in the strategy and annual corporate business plan.

2.7.4 To receive other reports, as it sees fit, from members, committees and officers of the Authority.

2.8 AUDIT ARRANGEMENTS

2.8.1 To approve audit arrangements, including the appointment and, if necessary, dismissal of the Authority's internal auditors.

2.8.2 To receive reports of the Audit Committee meetings.

2.8.3 To receive the Annual Audit Letter received from the external auditor and agree appropriate action on the recommendation of the Audit Committee.

2.9 APPROVAL OF ANNUAL REPORTS AND ACCOUNTS

2.9.1 To consider, approve and adopt the Authority's Annual Report.

2.9.2 To receive and adopt the Annual Statements of Account.

2.9.3 To receive and adopt the Annual Report of the Audit Committee.

3. SCHEME OF DELEGATION TO MANAGEMENT BOARD

3.1 STRATEGIC AND BUSINESS PLANNING

3.1.1 To commission and review the Authority's strategy at least annually, and to approve the draft prior to submission to the Authority for adoption.

3.1.2 To review all proposals for new business to ensure that adequate overall resource is available to take on the additional tasks and that existing services are not adversely affected by the additional responsibility.

3.1.3 To commission and review the annual PPA corporate business plan and to approve the draft prior to submission to the Authority for adoption.

3.1.4 To review the content of directorate business plans to ensure conformity with the overall corporate business plan and to avoid duplication of activity or omission of corporate objectives within the appropriate directorate plans.

3.1.5 To commission, review and approve the Authority's sub-strategies in key areas, notably equal opportunities, environmental, accommodation, estates, communications, data protection, information security, public access to information, controls assurance and business continuity.

3.1.6 To approve the Authority's policies and procedures and to review proposed changes.

3.2 FINANCE AND PERFORMANCE MATTERS

3.2.1 To review the annual revenue and capital budgets for the Authority, and ensure that an agreed programme can be submitted to the Authority for adoption that ensures that operational and business plan activities take place within the total resources available to the Authority.

3.2.2 To determine and approve the submission of requests for funds from the Department of Health as required, both in respect of regular forward estimates and for outline and final business cases required to support major investments or business developments.

3.2.3 To approve spending proposals with a value of between £100,000 and £300,000 for purchases, and maintenance contract renewals of any value, in accordance with Standing Financial Instructions.

3.2.4 To approve transfers from reserves into budgets throughout the year, and to approve transfers of sums between budgets resulting from periodic reviews mid-year.

3.2.5 To approve proposals for the granting of early retirement on efficiency or reorganisation grounds where the Authority is required to fund some of the cost of such proposals.

3.3 **OTHER MATTERS**

3.3.1 To commission and review the content of the Authority's Annual Report and to approve the draft prior to the submission to the Authority for adoption.

3.3.2 To maintain and review an corporate risk register and to oversee the Authority's compliance with corporate governance, risk management and business continuity policies and procedures.

3.3.3 To oversee the establishment and composition of project teams requiring input from more than one directorate and where the activity has not been previously endorsed within the agreed directorate business plan.

3.3.4 To review in advance all papers due to submitted to the Authority or Audit Committee meetings.

3.3.5 To review reports on progress and performance in key areas as required by the Chief Executive and at a frequency to be determined by him/her.

4. SCHEME OF DELEGATION IMPLIED BY STANDING ORDERS AND STANDING FINANCIAL INSTRUCTIONS

4.1 Standing Orders and Standing Financial Instructions set out in some detail the financial responsibilities of the Chief Executive (CE), the Director of Finance and Administrative Services (DFAS) and other officers. These responsibilities are summarised below:

4.2 SCHEME OF DELEGATION IMPLIED BY STANDING ORDERS

SO Ref	Delegated To	Powers Delegated
2.2.1	CE and DFAS	Monitor compliance with Authority's Counter Fraud Directions
2.4.1 + 2.6.1	DFAS	LCFS reports to DFAS including non-PFT suspected fraud
2.5.1	CE and DFAS	Responsibility for providing access to information for LCFS and PFT
8.2	CE	Support and administer Remuneration Committee
14.9	CE	Maintain Register of Members' Interests
15.1	Chair	Date and time of Authority meetings
15.2	Chair	Able to call meeting at any time
15.4	Chair and CE	Signature for notice of Authority meetings
16.1	CE	Insertion of notices of members for agenda items
17	Chair	Final authority for interpretation of Standing Orders
18.1	Chair	Discretion to exercise voting and method of voting at meetings
19.3	CE	Report to Authority of disclosures made relating to relationships to members and officers upon appointment
20.3	DFAS	Tenders and quotations from approved supplier lists
20.3	DFAS	Checks on technical and financial capability of companies invited to tender or quote
20.4	Directors	List of officers authorised to sanction cheapest quotes for their directorate
20.5	CE	Authorisation of non-competitive or not the cheapest quotes up to £50,000
20.8.1	CE	Authorisation of cheapest tender up to £100,000
20.8.1	Chair	Tenders or quotes over £300,000
20.9	CE	Authorisation of non-cheapest tenders subject to entry in appropriate register
20.10 – 20.20	Head of Estates	Administration of tender procedures
20.14	CE	Designate officers responsible for receipt and custody of tenders
20.15	CE	Designate panel of officers able to open tenders
20.19.3	CE	Admissibility of non-compliant tenders received
23	CE	Issue of Standing Orders to members
25	CE or Directors	Sign on behalf of Authority in the event of legal proceedings
27	CE	Ability to delegate responsibilities in SOs to designated officers
28	Chair	Urgent decisions on behalf of Authority (subject to report at next meeting)

4.3 SCHEME OF DELEGATION IMPLIED BY STANDING FINANCIAL INSTRUCTIONS

SFI Ref	Delegated To	Powers Delegated
1.9	CE	Overall executive responsibility for Authority's activities and meeting resource and cash limits
1.10	DFAS	CE to delegate detailed responsibility for financial activities and controls to DFAS
1.13	CE and DHR	Staff to be notified of SFI responsibilities
1.15	DFAS	Provision of financial advice to members and staff
1.15	DFAS	Maintenance of proper accounting records
1.15	DFAS	Detailed financial procedures and systems
1.17	DFAS	Appropriate financial controls throughout Authority and cash drawn for proper purposes only
1.18	Other officers	CE and DFAS can authorise others to fulfil objectives other than banking arrangements
2.2	CE	Compile and submit annual business plan to Authority
2.3 – 2.10	DFAS	Compile financial estimates, forecasts and monitor spending and report on exceptions
2.11 –2.14	CE	Establish delegated budgeting control framework
3	DFAS	Preparation of annual accounts
4.1 – 4.11	CE and DFAS	Overall banking arrangements
4.12 – 4.13	DFAS	Tendering arrangements for banking
5.1 – 5.5	CE	Maintenance of asset register
5.6 – 5.12	DFAS	Calculate capital charges. Maintain estates terrier
6	DFAS	Cash and cheque security arrangements
7	DFAS	Arrangements for payment of staff
8	DFAS	Payment of accounts arrangements
9	DFAS	Receipt of income
10	DFAS	Disposal of assets
11	DFAS/DIT/ other officers	Stock control arrangements
13	DFAS	Contracting and purchasing arrangements
14	CE	Prescription processing and Low Income Scheme
15	CE	Patient Services
16	CE	Managed Services
17.1	DIT	Data protection officer
17.2	DIT	Procurement of computer hardware and software
17.3	DFAS	Computerised financial data security and accuracy
17.4 – 17.5	DIT	IT security management
17.6 – 17.10	DFAS	Financial system control
17.11	DIT/DFAS	Security of electronic transmission of financial data
18.1 – 18.6	CE	Internal Audit arrangements
18.6 – 18.8	CE	Investigate irregularities
19	DFAS	Losses and special payments arrangements
20.1 – 20.2	CE	Quality assurance function
20.2	DPPS	Central quality annual report to Authority
21	CE and DFAS	Monitor compliance with NHSCFSMS requirements
23	CE	Risk management