

MEDICAL AND DENTAL TRAINING
AGENCY

STANDING ORDERS (SCHEDULE 7)

STANDING FINANCIAL INSTRUCTIONS

DOCUMENT CONTROL

This Document is a Controlled Document.

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1.0 INTRODUCTION AND TERMINOLOGY

1.1 These Standing Financial Instructions are issued for the regulation of the conduct of the Agency, its Members, Staff and Agents in relation to all financial matters. They shall have effect as if incorporated in the Standing Orders of the Agency.

1.2 In addition to the Standing Orders (which includes a scheme of Delegation) and SFI's, there will be, Financial Procedural Notes and locally generated rules and instructions. Collectively these must comprehensively cover all aspects of financial management and control.

1.3 These SFI's detail the financial responsibilities, policies and the procedures to be adopted by the Agency. They are designed to ensure that its financial transactions are carried out in accordance with the law and Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness.

1.4 These SFI's identify the financial responsibilities which apply to everyone working for the Agency. They do not provide detailed

procedural advice. These statements should therefore be read in conjunction with the detailed Agency and financial procedure notes. All financial procedures must be approved by the Chief Executive.

1.5 Any expression to which a meaning is given in Health Service Orders, or in the Financial Directions made under the orders, shall have the same meaning in these instructions: and

- (a) “Agency” means the Northern Ireland Medical and Dental Training Agency;
- (b) “Board” means the Board of the Agency;
- (c) “Department” means the Department of Health, Social Services and Public Safety”
- (c) “Budget” means a resource, expressed in financial terms, proposed by the Agency for the purpose of carrying out, for a specific period, any or all of the functions of the Agency;
- (d) “Chief Executive” means the chief officer of the Agency;
- (e) “Finance Manager” means the chief financial officer of the Agency;

(f) “Budget Holder” means the member or employee with delegated authority to manage finances (Income and Expenditure) for a specific area of the Organisation; and

1.6 Wherever the title Chief Executive, Finance Manager, or other nominated officer is used in these instructions, it shall be deemed to include such other member or employees who have been duly authorised to represent them.

1.7 Wherever the term “employee” is used it shall be deemed to include employees of third parties contracted to the Agency, when acting on behalf of the Agency.

RESPONSIBILITIES

- 2.1 The Board exercises financial supervision and control by:
- (a) formulating the financial strategy;
 - (b) requiring the submission and approval of business plans and budgets within approved allocations/overall income;
 - (c) defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money); and
 - (d) defining specific responsibilities placed on directors and employees as indicated in the Scheme of Delegation Document HSS (PDD) 2/94.
- 2.2 The Agency will delegate responsibility for the performance of its functions in accordance with the Scheme of Delegations Document adopted by the Board. (The extent of delegation should be kept under review by the Board).
- 2.3 Within the SFIs, it is acknowledged that the Chief Executive is the accountable officer and is ultimately accountable to the Board for

ensuring that the Agency meets its obligation to perform its functions with the available financial resources.

The Chief Executive has overall executive responsibility for the Agency's activities and is responsible to the Board for ensuring that its financial obligations and targets are met.

2.4 The Chief Executive and Finance Manager will, as far as possible, delegate their detailed responsibilities but they remain accountable for financial control.

2.5 It is a duty of the Chief Executive to ensure that all staff and all new appointees are notified of and understand their responsibilities within these Instructions.

2.6 The Chief Executive, through the Finance Manager is responsible for:

- (a) implementing the Agency's financial policies and for co-ordinating any corrective action necessary to further these policies;
- (b) ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documents and maintained to supplement these instructions.

- (c) ensuring that sufficient records are maintained to show and explain the Agency's transactions, in order to disclose, with reasonable accuracy, the financial position of the Agency at any time; and, without prejudice to any other functions of directors and employees of the Agency, the duties of the Finance Manager include:
 - (d) the provision of financial advice to the Agency (through the Chief Executive) and its staff;
 - (e) the design, implementation and supervision of systems of financial control; and
 - (f) the preparation and maintenance of such accounts, certificates, estimates, records and reports as the Agency may require for the carrying out its statutory duties.

2.7 All staff severally and collectively, are responsible for:

- (a) the security of the property of the Agency;

- (b) avoiding loss:
- (c) exercising economy and efficiency in the use of resources: and
- (d) conforming with the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation.

2.8 Any contractor or employee of a contractor who is empowered by the Agency to commit the agency to expenditure or who is authorised to obtain income shall be covered by these instructions. It is the responsibility of the Chief Executive to ensure that such persons are made aware of this.

2.9 For any and all directors and employees who carry out a financial function, the form in which financial records are kept and the manner in which directors and employees discharge their duties must be to the satisfaction of the Finance Manager.

3.0 AUDIT

3.1 Audit Committee

In accordance with Standing Orders (and as set out in guidance issued by the Department under HSS (PDD 8/94) the Agency shall establish an Audit Committee which will provide an independent and objective view of internal control by:

- (a) overseeing Internal and External Audit services;
- (b) reviewing financial systems;
- (c) ensuring compliance with Standing Orders and Standing Financial Instructions;
- (d) reviewing schedules of losses and compensation payments and making recommendations to the Board.

3.2 Where the Audit Committee feel there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the committee wish to raise, the chairman of the Audit Committee should raise the matter at a full meeting of the Board. Exceptionally, the matter may need to be referred to the Department.

3.3 It is the responsibility of the Chief Executive to ensure an adequate internal audit service is provided and the Audit Committee shall be involved in the selection process when an internal audit service provider is changed.

3.4 Finance Manager

The Finance Manager is responsible for:

- (a) ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control.
- (b) ensuring that the internal audit is adequate and meets the HSC mandatory audit standards;
- (c) advising the Chief Executive at what stage to involve the police in cases of fraud, misappropriation, and other irregularities;
- (d) ensuring that an annual audit report is prepared for the consideration of the Audit Committee and the Board. The report must cover:
 - (i) progress against plan over the previous year
 - (ii) major internal financial control weaknesses discovered

- (iii) progress on the implementation of internal audit recommendations
- (iv) strategic audit plan covering the coming three years
- (v) a detailed plan for the coming year

3.5 The Finance Manager or designated auditors are entitled without necessarily giving prior notice to require and receive:

- (a) access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
- (b) access at all reasonable times to any premises or employee of the Agency;
- (c) the production of any cash, stores or other property of the Agency under an employee's control; and
- (d) explanations concerning any matter under investigation.

3.6 Role of internal audit

The objectives and scope of Internal Audit shall be based upon the principles described in Part I of the NHS Audit Manual (1995) issued by the NHS Executive.

Specifically, Internal Audit will review, appraise and report upon:

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

3.7 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, store, or other property or any

suspected irregularity in the exercise of any function of a pecuniary nature, the Finance Manager must be notified immediately.

- 3.8 The Head of Internal Audit will normally attend Audit Committee meetings and has a right or access to all Audit Committee Members, the Chairman and Chief Executive of the Agency.
- 3.9 The Internal Auditor shall prepare and submit an Audit Plan to the Audit Committee and shall submit an annual report of the Internal Audit function to the Audit Committee indicating the extents of Audit cover achieved and providing a summary of audit activity during the year.
- 3.10 External Audit
- The external auditors is appointed by the Northern Ireland Audit Office and paid for by the Agency. The Audit Committee must ensure a cost-efficient service. Should there appear to be a problem, then this should be raised with the external auditor and referred on to the NI Audit Office if the issue cannot be resolved.

4.0 BUSINESS PLANS, CONTRACTS AND FINANCIAL ESTIMATES

- 4.1 The Chief Executive shall compile and submit to the Board of Directors and the Department strategic plans and business plans in accordance with the guidance issued by the HSS Exec about timing and the Agency's financial duties.
- 4.2 The Chief Executive shall report to the Board any significant in-year variance from the business plan, and shall advise the Board on action to be taken.
- 4.3 The Chief Executive in consultation with the Finance Manager shall compile and submit to the Board such financial estimates and forecasts, on both revenue and capital account, as may be required from time to time. As a consequence the Finance Manager shall have right of access to all budget holders on budgetary related matters.
- 4.4 Officers shall provide the Finance Manager with all financial, statistical and other relevant information as necessary for the compilation of such business plans, estimates and forecasts.
- 4.5 The Chief Executive shall be responsible for establishing contracts for the provision of services to purchases in accordance with the business plan, and for establishing the arrangements for providing extra-contractual services. In carrying out these functions the Chief

Executive shall take into account the advice of the Finance Manager regarding:

- (i) costing and pricing of services;
- (ii) payment terms and conditions; and
- (iii) amendments to contracts and extra-contractual arrangements.

5.0 **BUDGETS**

- 5.1 The Chief Executive in consultation with the Finance Manager, and in advance of the financial year to which they refer, prepare and submit budgets within the forecast limits of available resources and planning policies to the Board for its approval.
- 5.2 The Finance Manager shall devise systems of budgetary control and submit to the Chief Executive for approval: the Finance Manager will maintain the systems and all officers whom the Agency may empower to engage staff or otherwise incur expenditure or to collect or generate income, shall comply with the requirements for those systems. The systems of budgetary control shall incorporate the reporting of and investigation into financial, activity or workforce variances from budget. The Finance Manager shall be responsible for providing budgetary information and advice to enable the Chief Executive and other officers to carry out their budgetary responsibilities.
- 5.3 The Chief Executive may delegate the management of a budget or a part of a budget to Officers to permit the performance of defined activities. The terms of delegation shall include a clear definition of individual and group responsibilities for control of expenditure, exercise of virement, achievement of planned levels of service and the provision of regular reports upon the discharge of those delegated functions to the Chief Executive.

5.4 In carrying out these duties:

The Chief Executive shall not exceed the budgetary limits set by the Board of Directors;

Officers shall not exceed the budgetary limits set for them by the Chief Executive, and

the Chief Executive may vary the budgetary limit of an Officer, within the Chief Executive's own budgetary limit.

5.5 Except where otherwise approved by the Chief Executive, taking account of advice of the Finance Manager, budgets shall be used only for the purpose for which they were provided and any budgeted funds not required for their designated purpose shall revert to the immediate control of the Chief Executive, unless covered by delegated powers of virement.

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

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

6.0 INCOME

6.1 The Finance Manager shall be responsible for designing and maintaining systems for the proper recording and collection of all monies due. The Finance Manager shall be responsible for establishing reliable systems for coding.

6.2 All Officers shall inform the Finance Manager of money due to the Agency arising from transaction which they initiate including all contracts, leases, tenancy agreements, private patient undertakings and other transactions. The Finance Manager shall approve contracts with financial implications in excess of £250 and the Chief Executive those in excess of £1,000.

6.3 The Finance Manager shall take appropriate recovery action on all outstanding debts. The Finance Manager shall establish procedures, to be approved by the Chief Executive, for the write-off of debts after all reasonable steps have been taken to secure payment; where sums

to be written off exceed £100, the Finance Manager shall seek the consent of the Chief Executive and the Board.

7.0 VIREMENT

Virement is the delegated authority to transfer resources from one budget to another. Virement powers cannot be unlimited otherwise the initial budgetary decisions of the Board could be distorted. On the other hand, if virement rules are too restrictive they will not allow Officers the freedom to manage the resources efficiently. Each virement is subject to approval at the required level.

7.1 Type of Virement

	<u>Recurring</u>	<u>Non Recurring</u>
<u>Revenue to Capital</u>		
<2% of Budget subject to	not permissible	permissible approval of Chief Executive
>2% of Budget subject to	not permissible	permissible approval of Board
<u>Capital allocations to Revenue</u>	not permissible	permissible subject to approval of the Department
<u>Revenue (within programme budgets)</u> subject to	permissible subject to approval by Chief Executive	permissible approval by Executive

7.2 Decisions on transfer of resources must be made in writing to the Finance Manager who will refer the matter to the Chief Executive or place it on the Agenda of the Board as appropriate. All decisions on transfer of resources under the Virement rules shall be recorded in the Board minutes.

8.0 ANNUAL ACCOUNTS AND REPORTS

- 8.1 The Finance Manager shall keep proper books and records for the purpose of preparing Annual Accounts.
- 8.2 The Chief Executive, on behalf of the Agency, shall certify and submit annual accounts which shall be prepared by the Finance Manager and audited by the external Auditor.
- 8.3 The Finance Manager shall prepare and submit returns as directed by the Agency based on the directions of the Department.
- 8.4 The annual accounts and returns shall be prepared in accordance with guidance issued by the Department detailing the accounts and returns to be prepared and the timetable for submission to the Department.
- 8.5 The Chief Executive shall prepare and submit to the Secretary of State an Annual Report in such form as may be determined by the Secretary of State.

9.0 BANK ACCOUNTS

- 9.1 The Finance Manager shall prepare procedural instructions on the operations of bank accounts for the approval of the Board.
- 9.2 The Finance Manager shall advise the bankers in writing of the conditions under which such accounts shall be operated, the limits to be applied to any overdraft and the limitation on single signatory payments. All funds shall be held in accounts in the name of the Agency. No Officer other than the Finance Manager, under resolution of the Board, shall open any bank account in the name of the Agency.
- 9.3 The Finance Manager shall advise the bankers of any alterations in the conditions of operations of accounts that may be required by resolution of the Agency.
- 9.4 The Finance Manager shall advise the bankers in writing of the officer(s) and/or members authorised to release money from, and draw cheques on, each bank account of the Agency and shall notify promptly the cancellation of any such authorisation.
- 9.5 Where an agreement is entered into with any other body for payment, to be made on behalf of the Agency from bank accounts maintained in the name of that other body, or by electronic funds transfer (BACS),

the Finance Manager shall ensure that satisfactory security legislations of that other body relating to bank accounts exist and are observed.

- 9.6 Payments shall be supported by more than one authorised signature on cheques or authority to pay, as appropriate.

10.0 INVESTMENTS

- 10.1 Temporary cash surpluses shall be held only in such public or private sector investments as approved by the Secretary of State and authorised by the Board.

- 10.2 The Chief Executive, with the assistance of the Finance Manager, shall be responsible for advising the Board on investments and shall report periodically to the Board concerning the performance of investments held. The Board shall instruct the Finance Manager to review the investments strategy at specified intervals and to report to the Board.

- 10.3 The Finance Manager shall prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

11.0 SECURITY OF ASSETS

- 11.1 The Finance Manager shall prepare procedural instructions on the security and checking and disposal of assets (including cash, cheques and negotiable instruments, and also including donated assets) for approval by the Board.
- 11.2 Whilst each employee has a responsibility for the security of property of the Agency, it shall be the responsibility of senior staff in all disciplines to apply appropriate routine security practices in relation to HSC property. Any breach of agreed security practices shall be reported in accordance with instructions.
- 11.3 The Chief Executive shall be responsible for the maintenance of registers of assets, taking account of the advice of the Finance Manager concerning the form of any register and the method of updating.
- 11.4 Any loss or damage to the property belonging to the Agency, Trust or other Organisation, shall be reported by staff in accordance with the procedure for reporting losses.

12.0 PAYMENT OF STAFF

- 12.1 Each employee shall be issued with a contract which shall comply with current employment legislation and be in a form approved by the Board.
- 12.2 No Officer may engage or re-grade staff, or hire agency staff, unless so authorised by the Chief Executive and then only within the limit of his approved budget and financed establishment.
- 12.3 A signed copy of the contract appointment form and such other documents as he may require shall be sent to the Finance Manager immediately upon the employee commencing duty.
- 12.4 A termination of employment form and such other documents as the Finance Manager may require shall be submitted to him in the prescribed form immediately upon the effective date of an employee's resignation, retirement or termination being known. Where an employee fails to report for duty in circumstances which suggest that he has left without notice the Finance Manager shall be informed immediately.
- 12.5 The Finance Manager shall be notified immediately upon the effective date of any change in state of employment or personal circumstances of any employee being known.

12.6 All time records, pay sheets and other pay records and notifications shall be in a form approved by the Finance Manager and shall be certified and submitted in accordance with his instructions.

12.7 The Chief Executive 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 current agreements, the proper compilation of the payroll and for payments made.

13.0 PAYMENT OF ACCOUNTS

13.1 The Finance Manager shall be responsible for the proper payment of all accounts and claims.

13.2 All Officers shall inform the Finance Manager promptly of all money payable by the Agency arising from transactions which they initiate, including contracts, leases, tenancy, agreements and other transactions.

13.3 The Finance Manager shall be responsible for designing and maintaining a system for the verification, recording and payment of all amounts payable by the Agency.

14.0 PURCHASING

- 14.1 The Chief Executive, after consulting the Finance Manager shall advise the Board regarding the setting of thresholds above which quotations (competitive and otherwise) or formal tenders must be obtained. The Finance Manager shall also prepare procedural instructions on the obtaining of goods, services and works, incorporating the thresholds set by the Board.
- 14.2 All tenders shall be addressed to the Chief Executive. The Finance Manager shall ensure that any post-tender negotiations are conducted before a witness, with the newly-negotiated prices being recorded.
- 14.3 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 and they should not accept orders unless on an official form. Verbal orders shall be issued only by an officer designated by the Chief Executive and only in cases of emergency or urgent necessity and under specified conditions. These shall be confirmed by an official order issued no later than the next working day and clearly marked **'Confirmation Order'**.
- 14.4 Official orders shall be consecutively numbered, in a form approved by the Finance Manager and shall include such information concerning

prices or costs as he or she may require. The other shall incorporate an obligation on the contractor to comply with the conditions printed thereon as regards delivery, carriage, documentation, variations etc.

- 14.5 Order requisition forms shall only be issued to, and signed by Officers as authorised by the Chief Executive. Lists of authorised Officers shall be maintained and a copy of such list supplied to the Finance Manager.
- 14.6 A duplicate copy of every order shall be sent to the Finance Manager.
- 14.7 No order shall be issued for any item or items for which there is no budget provision, unless authorised by the Finance Manager or the Chief Executive for any such order over £1,000.
- 14.8 Orders shall not be placed in a manner devised to avoid the financial thresholds specified by the Board.
- 14.9 Goods, e.g. scientific equipment, shall not be taken on trial or loan in circumstances that could commit the Agency to a future uncompetitive purchase.
- 14.10 No order shall be issued for any item or items for which an offer of gifts, (other than low cost items e.g. calendars, diaries, pens etc), or hospitality has been received from the person interested in supplying goods and services. Any officer receiving such an offer shall notify his

senior officer as soon as practicable, details of hospitality received shall be entered in a register maintained by the Chief Executive. Visits at supplier's expense to inspect equipment etc must not be undertaken without the prior approval of the Chief Executive.

15.0 STORES

15.1 Subject to the responsibility of the Finance Manager for the systems of control, the overall control of stores shall be the responsibility of an officer delegated by the Chief Executive. The day to day management may be delegated to departmental officers, subject to such delegation being entered in a record available to the Finance Manager.

15.2 The responsibility for security arrangements and the custody of keys for all stores locations shall be clearly defined in writing by an officer delegated by the Chief Executive. Wherever practicable stocks shall be marked as health service property.

15.3 All stores records shall be in such form and shall comply with such systems of control as the Finance Manager shall approve.

16.0 DATA PROCESSING

- 16.1 The Finance Manager shall be primarily responsible for the accuracy and security of the computerised financial data of the Agency. The Finance Manager shall be responsible for ensuring the design, implementation and documentation of effective information systems .
- 16.2 The Finance Manager shall devise and implement any necessary procedures to protect the Agency and individuals from inappropriate use or misuse of any financial and other information held on computer files, for which he is responsible after taking account of the Data Protection Act 1984.
- 16.3 The Finance Manager shall ensure that contracts for computer services for financial applications with a Health Board or Trust or any other Organisation shall clearly define the responsibilities of all parties for the security of data processing and transmission.
- 16.4 The Finance Manager shall ensure that adequate data controls exist to provide for security of financial applications during data processing, including the use of any external agency arrangements.
- 16.5 The Finance Manager shall satisfy himself that such computer audit checks as he may consider necessary are being carried out.