

Schedule 6



Abertawe Bro Morgannwg University LHB

Standing Financial Instructions

This Schedule forms part of, and shall have effect as if incorporated in the Local Health Board Standing Orders



Foreword

These Model Standing Financial Instructions are issued by Welsh Ministers to Local Health Boards using powers of direction provided in section 12 (3) of the National Health Service (Wales) Act 2006. Local Health Boards in Wales must agree Standing Financial Instructions (SFIs) for the regulation of their financial proceedings and business. Designed to achieve probity, accuracy, economy, efficiency, effectiveness and sustainability in the conduct of business, they translate statutory and Welsh Government financial requirements for the NHS in Wales into day to day operating practice. Together with the adoption of Standing Orders (SOs), a Scheme of decisions reserved to the Board and a scheme of delegations to officers and others, they provide the regulatory framework for the business conduct of the LHB.

These documents form the basis upon which the LHBs governance and accountability framework is developed and, together with the adoption of the LHBs Values and Standards of Behaviour framework, is designed to ensure the achievement of the standards of good governance set for the NHS in Wales.

All LHB Board members and officers must be made aware of these Standing Financial Instructions and, where appropriate, should be familiar with their detailed content. The Director of Finance will be able to provide further advice and guidance on any aspect of the Standing Financial Instructions. The Board Secretary will be able to provide further advice and guidance on the wider governance arrangements within the LHB. Further information on governance in the NHS in Wales may be accessed at www.wales.nhs.uk/governance-emanual/

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Abertawe Bro Morgannwg University LHB

1. INTRODUCTION

1.1 General

- 1.1.1 These Model Standing Financial Instructions are issued by Welsh Ministers to Local Health Boards using powers of direction provided in section 12 (3) of the National Health Service (Wales) Act 2006. Local Health Boards in Wales must agree Standing Financial Instructions (SFIs) for the regulation of their financial proceedings and business. They shall have effect as if incorporated in the SOs.
- 1.1.2 These SFIs detail the financial responsibilities, policies and procedures adopted by Abertawe Bro Morgannwg University Local Health Board (the LHB). They are designed to ensure that the LHBs financial transactions are carried out in accordance with the law and with Welsh Government policy in order to achieve probity, accuracy, economy, efficiency, effectiveness and sustainability. They should be used in conjunction with the Schedule of Decisions Reserved to the Board and the Scheme of Delegation adopted by the LHB.
- 1.1.3 These SFIs identify the financial responsibilities which apply to everyone working for the LHB and its constituent organisations. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Director of Finance and Audit Committee.
- 1.1.4 Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of the Board Secretary or Director of Finance must be sought before acting. The user of these SFIs should also be familiar with and comply with the provisions of the LHBs SOs.

1.2 Overriding Standing Financial Instructions

- 1.2.1 Full details of any non compliance with these SFIs, including an explanation of the reasons and circumstances must be reported in the first instance to the Director of Finance and the Board Secretary, who will ask the Audit Committee [or insert name of committee established to consider audit matters] to formally consider the matter and make proposals to the Board on any action to be taken. All Board members and LHB officers have a duty to report any non compliance to the Director of Finance and Board Secretary as soon as they are aware of any circumstances that has not previously been reported.
- 1.2.2 **Ultimately, the failure to comply with SFIs and SOs is a disciplinary matter that could result in an individual's dismissal from employment or removal from the Board.**

1.3 Financial provisions and obligations of LHBs

- 1.3.1 The financial provisions and obligations for LHBs are set out under Sections 175, 176 and 177 of the NHS (Wales) Act 2006 (C.42). The Board as a whole and the Chief Executive in particular, in their role as the Accountable Officer for the organisation, must ensure the LHB meets its statutory obligation to perform its functions within the available financial resources.

2. RESPONSIBILITIES AND DELEGATION

2.1 The Board

- 2.1.1 The Board exercises financial supervision and control by:

- a) Formulating the Medium Term Financial Plan as part of the Integrated Medium Term Plan;
- b) Requiring the submission and approval of budgets within approved allocations/overall income;
- c) Defining and approving essential features in respect of important policies and financial systems (including the need to obtain value for money and sustainability); and
- d) Defining specific responsibilities placed on Board members, committees and Advisory Groups as indicated in the Scheme of Delegation document.

- 2.1.2 The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the 'Schedule of Matters Reserved to the Board' document. All other powers have been delegated to committees, sub-committees, joint committees or joint sub-committees that the LHB has established or to an officer of the LHB in accordance with the 'Delegation of Powers to Committees and Others' document adopted by the LHB.

2.2 The Chief Executive and Director of Finance

- 2.2.1 The Chief Executive and Director of Finance will, as far as possible, delegate their detailed responsibilities, but they remain accountable for financial control.
- 2.2.2 Within the SFIs, it is acknowledged that the Chief Executive is ultimately accountable to the Board, and as Accountable Officer, to the Welsh Government, for ensuring that the Board meets its obligation to perform its functions within the available financial resources. The Chief Executive has overall executive responsibility for the LHBs activities; is responsible to the Chair and the Board for ensuring that financial obligations and targets are met; and has overall responsibility for the LHBs system of internal control.

2.2.3 It is a duty of the Chief Executive to ensure that Board members and LHB officers, and all new appointees are notified of, and put in a position to understand their responsibilities within these SFIs.

2.3 The Director of Finance

2.3.1 The Director of Finance is responsible for:

- a) Implementing the LHBs financial policies and for co-coordinating any corrective action necessary to further these policies;
- b) Maintaining an effective system of internal 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;
- c) Ensuring that sufficient records are maintained to show and explain the LHBs transactions, in order to disclose, with reasonable accuracy, the financial position of the LHB at any time; and
- d) Without prejudice to any other functions of the LHB, and Board members and LHB officers, the duties of the Director of Finance include:
 - (i) the provision of financial advice to other Board members and LHB officers, and LHB committees, Advisory Groups
 - (ii) the design, implementation and supervision of systems of internal financial control; and
 - (iii) The preparation and maintenance of such accounts, certificates, estimates, records and reports as the LHB may require for the purpose of carrying out its statutory duties.

2.3.2 The Director of Finance is responsible for ensuring an ongoing training and communication programme is in place to affect these SFIs.

2.4 Board members and LHB officers, and LHB Committees, and Advisory Groups

2.4.1 All Board members and LHB officers, and LHB Committees and Advisory Groups, severally and collectively, are responsible for:

- a) The security of the property of the LHB;
- b) Avoiding loss;
- c) Exercising economy, efficiency and sustainability in the use of resources; and

- d) Conforming to the requirements of SOs, SFIs, Financial Procedures and the Scheme of Delegation.

2.4.2 For all Board members and LHB officers, and LHB committees and Advisory Groups who carry out a financial function, the form in which financial records are kept and the manner in which members of the Board, committee, Advisory Groups and employees discharge their duties must be to the satisfaction of the Director of Finance.

2.5 Contractors and their employees

2.5.1 Any contractor or employee of a contractor who is empowered by the LHB to commit the LHB 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.

3. AUDIT, FRAUD AND CORRUPTION, AND SECURITY MANAGEMENT

3.1 Audit Committee

3.1.1 An independent Audit Committee is a central means by which a Board ensures effective internal control arrangements are in place. In addition, the Audit Committee provides a form of independent check upon the executive arm of the Board. In accordance with SOs the Board shall formally establish an Audit Committee (or equivalent) with clearly defined terms of reference. Detailed terms of reference and operating arrangements for the Audit Committee are set out in Schedule 3 to the SOs. This committee will follow the guidance set out in the NHS Wales Audit Committee Handbook.

3.2 Chief Executive

3.2.1 The Chief Executive is responsible for:

- a) Ensuring there are arrangements in place to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective Internal Audit function;
- b) Ensuring that the Internal Audit function meets the NHS mandatory audit standards in accordance with the Internal Audit Manual and provides sufficient independent and objective assurance to the Audit Committee and the Accountable Officer;
- c) Deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption;
- d) Ensuring that an annual Internal Audit report is prepared for the consideration of the Audit Committee and the Board. The report must cover:

- a clear opinion on the effectiveness of internal control in accordance with guidance issued by the Welsh Ministers including for example compliance with control criteria and the *Doing Well, Doing Better: Standards for Health Services in Wales* (formally the Healthcare Standards);
- major internal financial control weaknesses discovered;
- progress on the implementation of Internal Audit recommendations;
- progress against plan over the previous year;
- a strategic audit plan covering the coming three years; and
- A detailed plan for the coming year.

3.2.2 The designated internal and external audit representatives are entitled (subject to provisions in the Data Protection Act 1998 (C.29)) without necessarily giving prior notice to require and receive:

- a) Access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
- b) Access at all reasonable times to any land or property owned or leased by the LHB;
- c) Access at all reasonable times to Board members and LHB officers;
- d) The production of any cash, stores or other property of the LHB under a Board member or a LHB official's control; and
- e) Explanations concerning any matter under investigation.

3.3 Internal Audit

3.3.1 The Accountable Officer Memorandum requires the Chief Executive to have an internal audit function that operates in accordance with the standards and framework set for the provision of Internal Audit in the NHS in Wales. This framework is defined within an Internal Audit Charter that incorporates a definition of internal audit, a code of ethics and Internal Audit Standards. **Standing Order 9.1** details the relationship between the Head of Internal Audit and the Board. The role of the Audit Committee in relation to Internal Audit is set out within its Terms of Reference, incorporated in **Schedule 3 of the SOs**, and the NHS Wales Audit Committee Handbook.

3.4 External Audit

- 3.4.1 Pursuant to the Public Audit (Wales) Act 2004 (C.23), the Auditor General for Wales (Auditor General) is the external auditor of the LHB. The Auditor General may nominate his representative to represent him within the LHB and to undertake the required audit work. The cost of the audit is paid for by the LHB. The LHBs Audit Committee must ensure that a cost-efficient external audit service is delivered. If there are any problems relating to the service provided, this should be raised with the Auditor General's representative and referred on to the Auditor General if the issue cannot be resolved.
- 3.4.2 The Auditor General's representative should be invited to attend every Audit Committee meeting. The cycle of approving and monitoring the progress of external audit plans and reports, culminating in the opinion on the annual report and accounts, is central to the core work of the Audit Committee.
- 3.4.3 The objectives of the external audit fall under three broad headings, to review and report on:
- a) Whether the expenditure to which the financial statements relate has been incurred lawfully and in accordance with the authority that governs it;
 - b) The audited body's financial statements, and on its Annual Governance Statement¹;
 - c) Whether the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources including whether the LHB has in place effective and robust governance arrangements.
- 3.4.4 The external auditors should develop an audit strategy. The strategy should be developed to deliver a professional opinion on the financial statements and a conclusion on the arrangements to secure economy, efficiency and effectiveness in the LHBs use of resources. It should take into account the audit needs of the organisation, as assessed by the Auditor General's representatives, using a risk-based approach. The Audit Committee should formally consider and review the strategy.
- 3.4.5 The Auditor General's representatives should prepare an annual audit plan, designed to implement the audit strategy, for consideration by the Audit Committee. The annual plan should set out details of the work to be carried out, providing sufficient detail for the Audit Committee and other recipients to understand the purpose and scope of the defined work and their level of priority. The Audit Committee should review the annual plan and the associated fees, although in so doing it needs to recognise the statutory duties of the Auditor General. The annual audit plan should be kept under review to identify any amendment needed to reflect changing priorities and emerging audit needs. The Audit Committee should consider material changes to the annual audit plan.
- 3.4.6 The Auditor General's representatives will liaise with Internal Audit when developing the external audit strategy and plan. The Auditor General's representative will ensure that

¹ Note: The Healthcare Inspectorate Wales will review and report on the Annual Quality Statement.

planned external audit work takes into account the work of Internal Audit and considers where Internal Audit work can be relied upon for opinion purposes.

- 3.4.7 The Auditor General and his representatives shall have a right of access to the Chair of the Audit Committee at any time. As set out in paragraph **3.2.2a** of these SFIs, the Auditor General and his representatives shall have access to all records, documents (including computerised records) and correspondence relating to any financial or other relevant transactions. This includes documentation of a confidential nature or which contains personal information. The Auditor General and his representatives may require any individual or organisation (including staff and NHS suppliers and contractors) holding information or explanation which the Auditor General deems relevant to the audit to appear before him to provide that information or explanation.
- 3.4.8 The LHB will provide the Auditor General and his representatives with whatever facilities are necessary to facilitate the audit, including audit accommodation and access to IT facilities.
- 3.4.9 The Auditor General will issue a number of reports over the year, some of which are specified in the Auditor General's Code of Audit and Inspection Practice and International Standards on Auditing. Other reports will depend on the contents of the audit plan.

The main mandatory reports are:

- Report to those charged with governance (incorporating the report required under ISA 260) that sets out the main issues arising from the audit of the financial statements and use of resources work
- Statutory report and opinion on the financial statements
- Annual audit report.

In addition to these reports, the Auditor General may prepare a report on a matter the Auditor General considers would be in the public interest to bring to the public's attention; or make a referral to the Welsh Ministers if significant breaches occur.

- 3.4.10 The Auditor General also has the power to undertake Value for Money Examinations and Improvement Studies within the LHB and other public sector bodies. Where applicable, the Auditor General will take account of audit work when planning and undertaking such examinations and studies. The Auditor General and his representatives have the same access rights in relation to these examinations and studies as they do in relation to annual audit work.

3.5 Fraud and Corruption

- 3.5.1 In line with their responsibilities, the LHB Chief Executive and Director of Finance shall monitor and ensure compliance with Directions issued by the Welsh Ministers on fraud

and corruption.

- 3.5.2 The LHB shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist (LCFS) as specified by the Fraud, Bribery and Corruption Standards for NHS Bodies (Wales).
- 3.5.3 The LCFS shall report to the LHB Director of Finance and the LCFS must work with NHS Protect (formerly the NHS Counter Fraud and Security Management Service) of the NHS Business Services Authority and the NHS Counter Fraud Service Wales (CFSW) Team in accordance with the requirements of the NHS Anti-Fraud Manual.
- 3.5.4 The LCFS will provide a written report to the Director of Finance and Audit Committee, at least annually, on counter fraud work within the LHB.
- 3.5.5 The LHB must participate in the annual National Fraud Initiative. It must provide the necessary data for the mandatory element of the initiative by the due dates. The Audit Committee should consider the LHBs participation in additional dataset matching in order to support the detection of fraud across the whole public sector.

3.6 Security Management

- 3.6.1 In line with their responsibilities, the LHB Chief Executive will monitor and ensure compliance with Directions issued by the Welsh Ministers on NHS security management.
- 3.6.2 The Chief Executive has overall responsibility for controlling and coordinating security.

4. ALLOCATIONS AND FINANCIAL DUTY

- 4.0.1 Revenue and Capital allocations are determined by the Welsh Ministers in accordance with its allotted health budget and distribution policy.
- 4.0.2 The Director of Finance of the LHB will:
 - a) Prior to the start of each financial year submit to the Board for approval a report showing the total allocations received, assumed in-year adjustments and their proposed distribution including any sums to be held in reserve;
 - b) Ensure that any ring-fenced or non-discretionary allocations are disbursed in accordance with Welsh Ministers' requirements;
 - c) Periodically review any assumed in-year allocations to ensure that these are reasonable and realistic; and
 - d) Regularly update the Board on significant changes to the initial allocation and the application of such funds.

- 4.0.3 The LHB is required by statutory provision not to breach its 3 year rolling financial duty. The Chief Executive has overall executive responsibility for the LHBs activities and is responsible to the Board for ensuring that it meets its financial duty as set out in section 175 of the National Health Service (Wales) Act 2006 as amended by the National Health Service Finance (Wales) Act 2014.

5. INTEGRATED PLANNING

5.1 Integrated Medium Term Plan

- 5.1.1 The LHB will prepare an Integrated Medium Term Plan. The Integrated Medium Term Plan must reflect longer-term planning and delivery objectives and should be continually reviewed based on latest Welsh Government policy and local priority requirements. The Integrated Medium Term Plan will be a 3 year rolling plans. In particular the Integrated Medium Term Plan must reflect the Welsh Ministers' commitments on
- delivering Together for Health; and
 - Sustainable development as set out in *One Wales: One Planet*.
- 5.1.2 An Integrated Medium Term Plan should be based on a reasonable expectation of future service changes, performance improvements, workforce changes, demographic changes, capital, quality, funding, income, expenditure, cost pressures and savings plans to ensure that the Integrated Medium Term Plan is balanced and sustainable and supports the safe and sustainable delivery of patient centred quality services. The Integrated Medium Term Plan will be the overarching planning document enveloping component plans and service delivery plans. The Integrated Medium Term Plan will incorporate the balanced Medium Term Financial Plan and will incorporate the LHBs response to delivering the
- Integrated Planning Framework,
 - Quality Delivery Plan and
 - Outcomes Framework
- 5.1.3 The Chief Executive will compile and submit to the Board, on an annual basis, the rolling 3 year Integrated Medium Term Plan. The Board approved Integrated Medium Term Plan will be submitted to Welsh Government in line with the requirements set out in the Integrated Planning Framework.
- 5.1.4 The finalised and approved Integrated Medium Term Plan will form the basis of the Performance Agreement between the LHB and Welsh Government.

5.2 Plan details and approval

- 5.2.1 The Integrated Medium Term Plan will be developed in line with the Integrated Planning Framework and include:

- A statement of significant strategies and assumptions on which the plans are based;
- Details of major changes in activity, service delivery, service and performance improvements, workforce, capital and resources required to achieve the plans;
- Profiled activity, service, quality, workforce and financial schedules; and
- Detailed plans to deliver the Planning Framework and Quality Delivery Plan requirements and outcome measures;

5.2.2 The Board will:

- a) Approve the Integrated Medium Term Plan prior to the beginning of the financial year of implementation. Following Board approval the Plan will be submitted to Welsh Government prior to the beginning of the financial year of implementation.
- b) Approve a balanced Medium Term Financial Plan as part of the Integrated Medium Term Plan, which meets all probity and value for money requirements; and
- c) Prepare and agree with the Welsh Government a robust and sustainable recovery plan in accordance with Welsh Ministers' guidance where the LHB plan is not in place or in balance.

6. BUDGETARY CONTROL

6.1 Budget Setting

6.1.1 Prior to the start of the financial year the Director of Finance will, on behalf of the Chief Executive, prepare and submit budgets for approval and delegation by the Board. Such budgets will:

- a) Be in accordance with the aims and objectives set out in the Integrated Medium Term Plan and Medium Term Financial Plan, and focussed on delivery of safe quality patient centred quality services
- b) Accord with Commissioning, Activity, Service, Quality, Performance, Capital and Workforce plans;
- c) Be produced following discussion with appropriate budget holders;
- d) Be prepared within the limits of available funds;
- e) Take account of ring-fenced or specified funding allocations;
- f) Take account of the principles of sustainable development; and

g) Identify potential risks.

- 6.1.2 The Director of Finance shall monitor financial performance against budget and plans and report the current and forecast position on a monthly basis and at every Board meeting. Any significant variances should be reported to LHB members as soon as they come to light and the Board shall be advised on any action to be taken in respect of such variances.
- 6.1.3 All budget holders must provide information as required by the Director of Finance to enable budgets to be compiled and managed appropriately.
- 6.1.4 All budget holders will sign up to their allocated budgets at the commencement of the financial year
- 6.1.5 The Director of Finance has a responsibility to ensure that appropriate and timely financial information is provided to budget holders and that adequate training is delivered on an on-going basis to assist budget holders managing their budgets successfully.

6.2 Budgetary Delegation

- 6.2.1 The Chief Executive may delegate, via the Director of Finance, the management of a budget to permit the performance of a defined range of activities, including pooled budget arrangements under Regulations made in accordance with Section 33 of the NHS (Wales) Act 2006 (C.42). This delegation must be in writing and be accompanied by a clear definition of:
- a) The amount of the budget;
 - b) The purpose(s) of each budget heading;
 - c) Individual or committee responsibilities;
 - d) Arrangements during periods of absence;
 - e) Authority to exercise virement;
 - f) Achievement of planned levels of service; and
 - g) The provision of regular reports.
- 6.2.2 The Chief Executive, Director of Finance and delegated budget holders must not exceed the budgetary total or virement limits set by the Board.
- 6.2.3 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Executive, subject to any authorised use of virement.
- 6.2.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the Director of Finance.

6.3 Budgetary Control and Reporting

6.3.1 The Director of Finance will devise and maintain systems of budgetary control. These will include:

- a) Financial reports to the Board in a form approved by the Board containing as a minimum:
 - income and expenditure to date showing trends and forecast year-end position,
 - movements in working capital,
 - movements in cash,
 - capital expenditure and projected outturn against plan,
 - explanations of any material variances from plan,
 - details of any corrective action being taken as advised by the relevant budget holder and the Chief Executive's and/or Director of Finance's view of whether such actions are sufficient to correct the situation;
- b) The issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;
- c) Investigation and reporting of variances from financial, activity and workforce budgets;
- d) Monitoring of management action to correct variances;
- e) Arrangements for the authorisation of budget transfers.

6.3.2 Each Budget Holder is responsible for ensuring that:

- a) Any likely overspending or reduction of income that cannot be met by virement is not incurred without the prior consent of the Chief Executive subject to the Board's scheme of delegation;
- b) The amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised, subject to the rules of virement;
- c) No permanent employees are appointed without the approval of the Chief Executive other than those provided for within the available resources and workforce establishment as approved by the Board.

6.3.3 The Chief Executive is responsible for identifying and implementing cost and efficiency improvements and income generation initiatives in accordance with the requirements of the Medium Term Financial Plans.

6.4 Capital Expenditure

- 6.4.1 The general rules applying to delegation and reporting shall also apply to capital expenditure subject to any specific reporting requirements required by the Welsh Ministers.

6.5 Monitoring Returns

- 6.5.1 The Chief Executive is responsible for ensuring that the appropriate monitoring returns are submitted to the Welsh Ministers in accordance with published guidance and timescales.
- 6.5.2 All monitoring returns must be supported by a detailed commentary signed by the Director of Finance and Chief Executive. This commentary should also highlight and quantify any significant risks with an assessment of the impact and likelihood of these risks maturing.
- 6.5.3 All information made available to the Welsh Ministers should also be made available to the Board. There must be consistency between the Medium Term Financial Plan, budgets, expenditure, forecast position and risks as reported in the monitoring returns and monthly Board reports.

7. ANNUAL ACCOUNTS AND REPORTS

- 7.0.1 The Board must approve the LHBs annual accounts prior to submission to the Welsh Ministers and the Auditor General for Wales in accordance with the annual timetable.
- 7.0.2 The Chair and Chief Executive have responsibility for signing the accounts on behalf of the LHB. The Chief Executive has responsibility for signing the Annual Governance Statement and the Annual Quality Statement.
- 7.0.3 The Director of Finance, on behalf of the LHB is responsible for ensuring that financial reports and returns are prepared in accordance with the accounting policies and guidance determined by the Welsh Ministers and the Treasury and consistent with International Financial Reporting Standards.
- 7.0.4 The LHBs annual accounts must be audited by the Auditor General for Wales. The LHBs audited annual accounts must be adopted by the Board at a public meeting and made available to the public.
- 7.0.5 The LHB will publish an annual report, in accordance with guidelines on local accountability, and present it at its Annual General Meeting. The document will comply with the Welsh Government's Manual for Accounts.

8. SHARED AND HOSTED SERVICES ARRANGEMENTS

- 8.0.1 Where the LHB uses a shared or hosted service provided by another NHS organisation to undertake part of its functions, these functions shall remain the ultimate responsibility of the LHB.
- 8.0.2 From 1st June 2012 the functions of managing and providing Shared Services to the health service in Wales will be given to Velindre NHS Trust. The Trust is required to establish a Shared Services Committee (to be known for operational purposes as the Shared Services Partnership Committee) which will be responsible for exercising the Trust's Shared Services functions. However, responsibility for the exercise of the Shared Services functions will not rest primarily with the Board of Velindre NHS Trust but will be a shared responsibility of all NHS bodies in Wales.
- 8.0.3 A Senior Management Team, led by the Director of Shared Services, will be responsible for the delivery of Shared Services in accordance with an Integrated Medium Term Plan agreed by the Shared Services Partnership Committee. The Director of Shared Services shall hold Accountable Officer status, and shall retain overall accountability in relation to the management of Shared Services.
- 8.0.4 A Memorandum of Co-operation and a Hosting Agreement must be in place between the LHBs and Trusts within Wales setting out the obligations of NHS bodies to participate in the Shared Services Partnership Committee and to take collective responsibility for setting the policy and delivery of the Shared Services to the health service in Wales. The Hosting Agreement will provide the terms upon which Velindre NHS Trust provides the legal framework for the management and provision of Shared Services to the NHS in Wales.

9. BANKING ARRANGEMENTS

9.1 General

- 9.1.1 The Director of Finance is responsible for managing the LHBs banking arrangements and for advising the Board on the provision of banking services and operation of accounts. This advice will take into account guidance/ Directions issued from time to time by the Welsh Ministers. LHBs should consider using the Government Banking Service (GBS) for its banking services unless there is sound reasoning and value for money considerations to justify the use of commercial accounts.
- 9.1.2 The Board shall approve the banking arrangements upon receipt of reports and recommendations from the Audit Committee.

9.2 Bank Accounts

- 9.2.1 The Director of Finance is responsible for:

- a) Establishing bank accounts;

- b) Establishing additional commercial accounts where there is sound reasoning and a value for money assessment;
- c) Establishing separate bank accounts for the LHBs non-exchequer funds;
- d) Ensuring payments made from bank accounts do not exceed the amount credited to the account except where arrangements have been made;
- e) Reporting to the Board all arrangements made with the LHBs bankers for accounts to be overdrawn;
- f) Monitoring compliance with Welsh Ministers' guidance on the level of cleared funds.

9.2.2 All accounts should be held in the name of the LHB. No officer other than the Director of Finance shall open any account in the name of the LHB or for the purposes of furthering LHB activities.

9.3 Banking Procedures

9.3.1 The Director of Finance will prepare detailed instructions on the operation of bank accounts which must include:

- a) The conditions under which each bank account is to be operated;
- b) Those authorised to sign cheques or other orders drawn on the LHBs accounts.

9.3.2 The Director of Finance must advise the LHBs bankers in writing of the conditions under which each account will be operated.

9.3.3 The Director of Finance shall approve security procedures for any cheques issued without a hand-written signature e.g. lithographed. Manually produced cheques shall be signed by the authorised officer(s) in accordance with the bank mandate. All cheques shall be treated as controlled stationery, in the charge of a duly designated officer controlling their issue.

9.4 Tendering and review

9.4.1 The Director of Finance will review banking arrangements of the LHB at regular intervals to ensure they reflect best practice and represent best value for money by periodically seeking competitive tenders for the LHBs banking business.

9.4.2 Within the banking tendering process, a GBS only account option must be included. Commercial bank accounts should only be used where there is sound reasoning and demonstrates value for money. The results of the tendering exercise should be reported to the Board via the Audit Committee.

9.4.3 A value for money review and tendering process is not necessary for GBS accounts.

10. INCOME, FEES AND CHARGES AND SECURITY OF CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUMENTS

10.1 Income Generation

10.1.1 The LHB shall only generate income for those goods and services that are approved by the Welsh Ministers. Any income generating activities must be complementary to the provision of NHS services and must be in accordance with the Welsh Ministers' policy and powers to raise money as set out in section 169 of the NHS (Wales) Act 2006 (c.42).

10.2 Income Systems

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

10.2.2 The Director of Finance is also responsible for ensuring that systems are in place for the prompt banking of all monies received.

10.3 Fees and Charges

10.3.1 The Director of Finance is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Welsh Ministers or by Statute. Independent professional advice on matters of valuation shall be taken as necessary.

10.3.2 All officers must inform the Director of Finance promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.

10.4 Debt Recovery

10.4.1 The Director of Finance is responsible for the appropriate recovery action on all outstanding debts.

10.4.2 Income not received should be dealt with in accordance with losses procedures.

10.4.3 Overpayments should be detected (or preferably prevented) and recovery initiated.

10.4.4 The Chief Executive and the Director of Finance are responsible for ensuring the Welsh Ministers' guidance on disputed debt arbitration is strictly adhered to.

10.5 Security of Cash, Cheques and other Negotiable Instruments

10.5.1 The Director of Finance is responsible for:

- a) Approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable;
- b) Ordering and securely controlling any such stationery;
- c) The provision of adequate facilities and systems for officers whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines; and
- d) Establishing systems and procedures for handling cash and negotiable securities on behalf of the LHB.

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

10.5.3 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Director of Finance.

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

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

10.5.6 During the absence (for example, on holiday) of the holder of a safe/cash box combination/key, the officer who acts in their place shall be subject to the same controls as the normal holder of the combination/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.

11 GRANT FUNDING, PROCUREMENT AND CONTRACTING FOR GOODS AND SERVICES

Procurement or Grant Funding

11.0.1 It is a matter for LHBs to determine whether individual activities should be procured, or be eligible to receive grant funding, seeking legal advice as necessary.

Grant Funding

11.1 Policies and procedures

11.1.1 The LHB shall maintain detailed policies and procedures for all aspects of grant funding. The policies and procedures shall comply with these SFIs, and where appropriate the Minister's Code of Practice to funding the third sector:

<http://wales.gov.uk/topics/housingandcommunity/voluntarysector/publications/code/?lang=en>

11.1.2 The Chief Executive is ultimately responsible for ensuring that the LHBs grant procedures:

- Are kept up to date;
- Conform to statutory requirements;
- Adhere to guidance issued by the Welsh Ministers;
- Are consistent with the principles of sustainable development; and
- Are strictly followed by all Executive Directors, Independent Members and staff within the organisation.

11.1.3 All grant guidance issued by the Welsh Ministers should have the effect as if incorporated in these SFIs.

11.2 Corporate Principles underpinning Grants Management

11.2.1 While there is a need to make the financial arrangements for awarding funding as simple and streamlined as possible, LHBs should also ensure that taxpayers' money is spent appropriately and that it provides good value for money.

11.2.2 The overarching principles for managing public resources in Wales are set out in Managing Welsh Public Money. The document states that the award of funding should be made in accordance with the law and the requirements of propriety, regularity and value for money.

11.2.3 Regularity requires compliance with appropriate authorities, regulations and legislation. Propriety requires both public authorities and funded bodies to deliver appropriate standards of conduct, behaviour and corporate governance. In addition, the public expects official decisions to be made fairly and impartially with public money spent wisely and appropriately, delivering value for money and ensuring that best use is made of resources.

11.2.4 The **corporate principles** of grants management are:

- The development of grant management processes and procedures that are transparent, accountable, proportionate and consistent;
- Delivery of a high quality regulatory framework that responds to demands but does not place unnecessary administrative burdens on LHBs or funded bodies;
- A regulatory framework that will take into consideration the need for proportionality; balancing the need for governance with the burden of administration. Thus striking an appropriate balance between accountability and simplicity;
- An effective grant management process to ensure funded bodies spend the funding efficiently, transparently and for the purpose intended, with a view to maximising the impact and outcome from budgets;
- Appropriate evidence-based approach to underpin the design and development of all new funding programmes to ensure efficient and effective use of public funds. Ensuring that the funding programme is the optimal solution and that funding is targeted where it is most needed and where it can have most impact;
- A consistent framework that will reinforce respect and effectiveness of the rules for both administrators and funded bodies.

11.3 Grant Procedures

11.3.1 It is vital that money is put to use in a way that delivers the maximum benefit to the people of Wales. Grants funding programmes need to be managed as efficiently and cost effectively as possible to make sure that every penny is spent appropriately and in an accountable manner. Information on grants management is available on the WAO website at:

<http://www.wao.gov.uk/goodpractice/1821.asp>

11.3.2 LHBs are responsible for ensuring that appropriate procedures exist in relation to all the grants and funding for which they are accountable. **They are also responsible for ensuring that any grant provided to an entity that engages in economic activity complies with the State aid rules.**

11.3.3 LHBs are required to undertake due diligence checks on all potential delivery organisations to determine the economic and financial viability of any organisation(s) to administer public funds, and the reliability of the organisation(s).

11.3.4 The LHB must enter into legally binding funding agreements with all delivery organisations. Guidance is available on the WAO website at:

<http://www.wao.gov.uk/goodpractice/1898.asp#q10>

11.3.5 The LHB is responsible for ensuring that all third party delivery organisations comply with and adhere to the terms and conditions of the Funding Agreement.

Procurement

11.4 Policies and procedures

11.4.1 The LHB shall maintain detailed policies and procedures for all aspects of procurement including tendering and contracting processes. The policies and procedures shall comply with these SFIs and the supplementary guidance included at **Schedule 1** within these SFIs.

11.4.2 The Chief Executive is ultimately responsible for ensuring that the LHBs procurement, tendering and contracting procedures:

- Are kept up to date;
- Conform to statutory requirements;
- Adheres to guidance issued by the Welsh Ministers;
- Are consistent with the principles of sustainable development; and
- Are strictly followed by all Executive Directors, Independent Members and officers within the organisation.

11.4.3 All procurement guidance issued by the Welsh Ministers should have the effect as if incorporated in these SFIs.

11.5 Procurement Principles

11.5.1 The term "procurement" embraces the complete process from sourcing to taking delivery of all works, goods and services required by the LHB to perform its functions, and furthermore embrace all building, equipment, consumables and services including health services. Procurement further embraces contract and/or supplier management.

11.5.2 The main legal and governing principles guiding public procurement and which are incorporated into these SFIs are:

- Transparency: public bodies should ensure that there is openness and clarity on procurement processes and how they are implemented;
- Non-discrimination: public bodies may not discriminate between suppliers or products on grounds of their origin;
- Fair treatment: suppliers should be treated fairly and without discrimination, including in particular equality of opportunity and access to information;
- Legality: public bodies must conform to European Community and other legal requirements;
- Integrity: there should be no corruption or collusion with suppliers or others;
- Effectiveness and efficiency: public bodies should meet the commercial, regulatory and socio-economic goals of government in a balanced manner appropriate to the procurement requirement;
- Efficiency: procurement processes should be carried out as cost effectively

as possible and secure value for money.

11.6 EU Directives Governing Public Procurement

- 11.6.1 EU Directives governing public procurement and UK Regulations implementing such Directives and setting out procedures for awarding all forms of regulated contracts shall have effect as if incorporated in the LHBs SFIs.
- 11.6.2 EU Directives and UK regulations (the Public Contracts Regulations 2006 (2006/5)) exist covering the whole field of procurement, and these Directives set thresholds above which special and demanding procurement protocols and legal requirements apply. All Directors and their staff are responsible for seeing that those Directives are understood and fully implemented. The protocols set out in the EU Directives are the model upon which all formal procurement shall be based.
- 11.6.3 Specialist procurement advice should be taken in respect of EU Directives covering the procurement and tendering for health services, including primary care services, as this remains a complex area.

11.7 Sustainable Development

- 11.7.1 Welsh Ministers have a duty under section 79 of the Government of Wales Act 2006 (c.32) to make a scheme setting out how they propose to promote sustainable development in the exercise of their functions. The Welsh Government's Sustainable Development Scheme, *One Wales, One Planet (2009)*, establishes sustainable development as the central organising principle of the public sector in Wales. The LHB shall take a full part in meeting the Welsh Ministers' commitments on sustainable development, including procurement. The LHB shall adopt a Sustainable Development Strategy consistent with the NHS Wales Sustainable Development Strategy.
- 11.7.2 The LHB shall make use of the tools developed by Value Wales in implementing its Sustainable Development Strategy. The LHB shall benchmark its performance in sustainable procurement and produce annual action plans for improvement through its use of the Maturity Model which forms the basis of the Procurement Fitness Check. For all contracts over £25,000, the LHB shall take account of social, economic and environmental issues when making procurement decisions using the Sustainable Risk Assessment Template (SRA).

11.8 Equality of opportunity

- 11.8.1 The LHB shall secure equality of opportunity in procurement through its application of the Sustainable Risk Assessment (SRA) tool developed by Value Wales for all contracts over £25,000, and its compliance with all relevant Welsh Ministers' guidance, as set out in **Schedule 1** of these SFIs.

11.9 Procurement Procedures

11.9.1 To ensure that the LHB is fully compliant with EU Directives, UK Regulations and Welsh Ministers' guidance, the LHB shall ensure that it shall have procedures that set out:

- a) Requirements and exceptions to formal competitive tendering requirements;
- b) Tendering processes including post tender discussions;
- c) Requirements and exceptions to obtaining quotations;
- d) Evaluation and scoring methodologies
- e) Approval of firms for providing goods and services.
- f) Approval for entering into any type of contract or agreement, including those where the LHB receives an income (e.g. providing advertising space within its premises/display screens/appointment cards)

11.9.2 All procedures shall reflect the Welsh Ministers' guidance and the LHBs delegation arrangements and approval processes.

11.9.3 Paragraph 13(3) of Schedule 2 to the National Health Service (Wales) Act 2006 places a requirement on LHBs to obtain the consent of the Welsh Ministers before:

- Acquiring and disposing of property;
- Entering into contracts; and
- Accepting gifts of property (including property to be held on trust).

11.9.4 The provision allows the Welsh Ministers to give consent, if they think fit, which may be given in general terms covering one or more descriptions of case.

11.9.5 General Consent has been granted to LHBs by the Welsh Ministers for individual contracts up to the value of £1 million in each case with the exception of those contracts specified in **SO 11.9.7**. All contracts exceeding this delegated limit, all acquisitions and disposals of land of any limit, and the acceptance of gifts of property, must receive the written approval of the Welsh Ministers before being entered into.

11.9.6 The letter that updates the process for LHBs to obtain consent to enter into contracts exceeding £1m and monitoring arrangements for contracts below £1m is at **Schedule 2** of these SFIs.

11.9.7 The requirement for consent does not apply to any contracts entered into pursuant to a specific statutory power, and therefore does not apply to:

- i) Contracts of employment between LHBs and their staff;
- ii) Transfers of land or contracts effected by Statutory Instrument following the creation of the LHBs;
- iii) Out of Hours contracts; and
- iv) All NHS contracts, that is where one health service body contracts with another health service body.

11.9.8 The Revised General Consent does not remove the requirement for LHBs to comply

with SOs, SFIs or to obtain any other consents or approvals required by law for the transactions concerned.

11.9.9 Further detail in relation to fair and adequate competition is set out in **Schedule 1** of these SFIs.

11.10 Procurement Thresholds

11.10.1 The following table summarises the minimum thresholds for quotes and competitive tendering arrangements. The total value of the contract over its entire period is the qualifying sum that should be applied (except in specific circumstances relating to aggregation and contracts of an indeterminate duration) as set out in EU Directives and UK Regulations.

Contract value (excl. VAT)	Minimum competition¹
<£5,000	At discretion of DoF
£5,000 - £25,000	3 written quotations
£25,000 – OJEU threshold	4 tenders
Above OJEU threshold	5 tenders
Contracts above £1 million	WG approval required ²

¹ subject to the existence of suitable suppliers

² in accordance with the requirements set out in **SO 11.9.3**

11.11 Small and Medium Sized Enterprises (SMEs), Third Sector Organisations (TSOs) and Supported Factories and Businesses (SFBs)

11.11.1 In accordance with Welsh Government policy set out in:

- Opening Doors – the Charter for SME Friendly Procurement and its Implementation Guidance;
- Procurement and the Third Sector: Guidance for the public sector in Wales;
- Supported Factories and Businesses Frequently Asked Questions; and
- The Construction Procurement Strategy

The LHB shall ensure that it provides opportunities for these organisations to quote or tender for its business.

11.12 Contract Management

11.12.1 Contract Management is the process which ensures that both parties to a contract fully meet their respective obligations as effectively and efficiently as possible, in order to deliver the business and operational objectives required from the contract and in particular, value for money. The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the LHB so as to ensure that these implicit obligations are met.

11.12.2 Advice on best practice on Contract Management is available from Value Wales, through its *Procurement Route Planner*.

12. CONTRACTS FOR HEALTH CARE SERVICES

12.1 Health care agreements

12.1.1 The Chief Executive is responsible for ensuring the LHB enters into suitable Health Care Agreements (or Individual Patient Commissioning Agreements, where appropriate) for its provision of health care services.

12.1.2 All Health Care Agreements should aim to implement the agreed priorities contained within the Integrated Medium Term Plan and wherever possible, be based upon integrated care pathways to reflect expected patient experience. In discharging this responsibility, the Chief Executive should take into account:

- The standards of service quality expected;
- The targets required by the Quality Delivery Plan;
- The relevant national service framework (if any);
- The provision of reliable information on cost and volume of service; and
- That the agreements are based on integrated care pathways.

12.1.3 All agreements must be in accordance with the functions conferred on the LHB by the Welsh Ministers.

12.2 Statutory provisions

- The NHS (Wales) Act 2006 (C.42), sets out the responsibilities of LHBs in establishing contracts for healthcare services and in particular Section 7 which sets out the definition of an NHS contract being the arrangement between one health service body and another and the definitions of such bodies;
- Section 9 which sets out arrangements to be treated as NHS contracts for ophthalmic and pharmaceutical services;
- Sections 32 and 33 in relation to services provided by or jointly with local authorities;
- Part 4 in relation to primary medical services;
- Part 5 in relation to primary dental services;
- Part 6 in relation to general ophthalmic services;
- Part 7 in relation to pharmaceutical services;
- Section 188 which sets out the arrangements with the prison service;
- Section 194 which sets out the powers to make payments towards expenditure on community services; and
- Section 195 which sets out arrangements with voluntary organisations.

12.3 Reports to Board on Health Care Agreements (HCAs)

12.3.1 The Chief Executive will need to ensure that regular reports are provided to the Board detailing performance and associated financial implications of all health care agreements.

13. PAY EXPENDITURE

13.1 Remuneration and Terms of Service Committee

13.1.1 This Standing Financial Instruction should be read in conjunction with **Standing Order 3.4**.

13.1.2 In accordance with SOs the Board shall establish a Remuneration and Terms of Service Committee, with clearly defined terms of reference and operating arrangements that specify which posts fall within its area of responsibility.

13.1.3 The Committee shall report in writing to the Board the basis for its recommendations. The Board shall use the report as the basis for their decisions, but remain accountable for taking decisions on the remuneration and terms of service of Directors and other senior employees, in accordance with the framework set by the Welsh Ministers. Minutes of the Board's meetings should record such decisions.

13.1.4 The Board will after due consideration and amendment if appropriate approve proposals presented by the Chief Executive for the setting of remuneration and terms of service for those employees and officers not covered by the Committee.

13.1.5 The LHB will pay allowances to the Chair, Chief Executive, Executive Directors and Independent Members of the Board in accordance with instructions issued by the Welsh Ministers.

13.2 Funded Establishment

13.2.1 The workforce plans incorporated within the approved Integrated Medium Term Plan will form the funded establishment, i.e., the budget for all approved posts.

13.2.2 The funded establishment of any department may not be varied without the approval of the Chief Executive or an officer with delegated authority.

13.3 Staff Appointments

13.3.1 No Board member or LHB official may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration outside the limit of their approved budget and funded

establishment unless authorised to do so by the Chief Executive

13.3.2 The Board will approve procedures presented by the Chief Executive for the determination of commencing pay rates, condition of service, etc, for employees in accordance with pay, terms and conditions set out in Agenda for Change and other pay review bodies.

13.4 Payroll

13.4.1 The Director of HR is responsibility for:

- a) Securing the provision of an efficient, value for money payroll service;
- b) Specifying timetables for submission of properly authorised time records and other notifications;
- c) The final determination of pay and allowances including verification that the rate of pay and relevant conditions of service are in accordance with current agreements;
- d) Agreeing the timing and method of payment with the payroll service;
- e) Authorising the release of payroll data where in accordance with the provisions of the Data Protection Act 1998 (C.29);
- f) Verification and documentation of data;
- g) The timetable for receipt and preparation of payroll data and the payment of employees and allowances;
- h) Maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
- i) Security and confidentiality of payroll information;
- j) Checks to be applied to completed payroll before and after payment;
- k) A system to ensure the recovery from those leaving the employment of the LHB of sums of money and property due by them to the LHB.

13.4.2 The Chief Executive is responsible for:

- a) Ensuring that any shared or hosted service arrangement is supported by appropriate contract terms and conditions, adequate internal controls and audit review procedures;
- b) Ensuring a sound system of internal control and audit review of any internally

provided payroll service;

- c) Maintenance and/or the authorisation of regular and independent reconciliation of pay control accounts.

13.4.3 Appropriately nominated managers have delegated responsibility for:

- a) Submitting time records, and other notifications in accordance with agreed timetables;
- b) Completing time records and other notifications in accordance with the contract of Service Level Agreements; and
- c) Submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's or officer's resignation, termination or retirement. Where an employee fails to report for duty or to fulfil obligations in circumstances that suggest they have left without notice, the Director of HR and/or Chief Executive must be informed immediately. In circumstances where fraud is suspected, this must be reported to the Director of Finance.

13.5 Contracts of Employment

13.5.1 The Board shall delegate responsibility to the Director of HR for:

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

14. NON-PAY EXPENDITURE

14.0.1 This Standing Financial Instruction shall be read in conjunction with **Standing Financial Instruction 11**

14.1 Delegation of Authority

14.1.1 The Chief Executive will approve the level of non-pay expenditure and the operational scheme of delegation and authorisation to budget holders and managers within the parameters set out in the LHBs scheme of delegation.

14.1.2 The Chief Executive will set out in the operational scheme of delegation and authorisation:

- a) The list of managers who are authorised to place requisitions for the supply of

goods and services; and

- b) The maximum level of each requisition and the system for authorisation above that level.

14.1.3 The Director of Finance is responsible for ensuring that the authorisation processes within any automated procurement systems is through the provision of electronic “signatures” authorised in accordance with the access and authority controls as set out in the operational scheme of delegation and authorisation.

14.1.4 The Chief Executive shall set out procedures on the seeking of professional advice regarding the supply of goods and services.

14.2 Requisitioning

14.2.1 The budget manager in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the LHB by asking the procurement to undertake quotation / tendering exercises on their behalf. In so doing, the LHBs approved supply contract / catalogue shall be used. Where a required item is not included within the catalogue, advice must be sought from the LHBs procurement advisor. All orders for goods and services must be accompanied by an official order number, available from the Procurement Department. In no circumstances must a requisition number be used as an order number.

14.3 The Director of Finance’s responsibilities

14.3.1 The Director of Finance will:

- a) Advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in SOs and SFIs and regularly reviewed;
- b) Prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services;
- c) Ensure systems are in place for the prompt payment of all properly authorised accounts and claims;
- d) Ensure systems are in place for providing a system of verification, recording and payment of all amounts payable. The system shall provide for:
 - (i) A list of Executive Directors and officers (including specimens of their signatures) authorised to certify invoices.
 - (ii) Certification that:

- goods have been duly received, examined and are in accordance with specification and the prices are correct,
 - work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct,
 - in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined,
 - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained,
 - the account is arithmetically correct,
 - The account is in order for payment.
- (iii) For the early submission of accounts subject to cash discounts or otherwise requiring early payment.
- e) Ensure systems are in place for ensuring that payment for goods and services is only made once the goods and services are received. The only exceptions to this are set out in **SFI 14.4**.
- f) Be responsible for ensuring compliance with the Public Sector Payment Policy aiming to achieve that a minimum of 95 percent of creditors are paid within 30 days of receipt of goods or a valid invoice (whichever is later) unless other payment terms have been agreed.

14.4 Prepayments

14.4.1 Prepayments are only permitted where either:

- The financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to Net Present Value (NPV) using the National Loans Fund (NLF) rate plus 2%);
- It is the industry norm e.g. courses and conferences;
- There is specific Welsh Ministers' approval to do so e.g. voluntary services compact.

14.4.2 In **exceptional** circumstances prepayments can be made subject to:

- a) The appropriate Executive 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 LHB if the supplier is at some time during the course of the prepayment agreement unable to meet their commitments;
- b) The Director of Finance will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold); and
- c) The budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate Director or Chief Executive if problems are encountered.

14.5 Official orders

14.5.1 Official Orders must:

- a) Be consecutively numbered;
- b) Be in a form approved by the Director of Finance;
- c) State the LHBs terms and conditions of trade; and
- d) Only be issued to, and used by, those duly authorised by the Chief Executive.

14.6 Duties of Budget Holders and Managers

14.6.1 Budget holders and managers must ensure that they comply fully with the guidance and limits specified by the Director of Finance and that:

- a) All contracts (except as otherwise provided for in the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Director of Finance in advance of any commitment being made;
- b) Contracts above specified thresholds are advertised and awarded in accordance with EU and HM Treasury rules on public procurement;
- c) Contracts above specified thresholds are approved by the Welsh Ministers prior to any commitment being made;
- d) Where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Welsh Ministers and

internal procedures;

- e) No order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to Board members or LHB officers, other than:
 - (i) Isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars,
 - (ii) Conventional hospitality, such as lunches in the course of working visits;

This provision needs to be read in conjunction with Standing Order 7.5.

- f) No requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Director of Finance on behalf of the Chief Executive;
- g) All goods, services, or works are ordered on an official orders except works and services executed in accordance with a contract and purchases from petty cash;
- h) Verbal order numbers must only be issued very exceptionally only in cases of emergency or urgent necessity and only by an officer designated by the Chief Executive. These must be confirmed by an official order and clearly marked "Confirmation Order";
- i) Orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- j) Goods are not taken on trial or loan in circumstances that could commit the LHB to a future uncompetitive purchase;
- k) Changes to the list of Board members and LHB officers authorised to certify invoices are notified to the Director of Finance;
- l) Purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance; and
- m) Petty cash records are maintained in a form as determined by the Director of Finance.

14.6.2 The Chief Executive and Director of Finance shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance issued by the Welsh Ministers. The technical audit of these contracts shall be the responsibility of the relevant Director as set out in the LHBs scheme of delegation.

15. CAPITAL INVESTMENT, FIXED ASSET REGISTERS AND SECURITY OF ASSETS

15.1 NHS Capital Investment

15.1.1 The Chief Executive:

- a) Shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon plans;
- b) Is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost; and
- c) Shall ensure that any capital investment above the Welsh Ministers' delegated limit is not undertaken without approval of the Welsh Ministers and that confirmation of capital resources has been received;
- d) Shall ensure that an annual capital programme is adopted by the Board prior to the commencement of the financial year;
- e) Shall ensure the availability of resources to finance all revenue consequences of the investment, including capital charges; and
- f) Shall ensure that any 3rd party use of NHS estate is properly controlled, reimbursed and reported. This will include ensuring that appropriate security, insurance and indemnity arrangements are in place and that there is a written agreement as to each party's responsibilities and liabilities.

15.1.2 For every capital expenditure proposal the Chief Executive shall ensure:

- a) That a business case is produced in line with Welsh Ministers' guidance and where appropriate the 5-case Model;
- b) That the Director of Finance has certified professionally to the costs and revenue consequences detailed in the business case and involved appropriate LHB personnel and external agencies in the process.

15.1.3 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management in accordance with the Welsh Ministers' guidance.

15.1.4 The Director of Finance shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.

15.1.5 The approval of a capital programme shall not constitute approval for the initiation of expenditure on any scheme.

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

- a) Specific authority to commit expenditure;
- b) Authority to proceed to tender;
- c) Approval to accept a successful tender.

15.1.7 The Chief Executive will issue a scheme of delegation for capital investment management in accordance with the Welsh Ministers' guidance and the LHBs SOs.

15.1.8 The Director of Finance shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes. These procedures shall fully take into account the delegated limits for capital schemes set out in Welsh Ministers' guidance.

15.2 Capital Financing with the Private Sector

15.2.1 The LHB must not enter into any new capital financing arrangements with the private sector, including Private Financing Initiatives and 3rd Party Developments, without the consent of the Welsh Ministers.

15.3 Asset Registers

15.3.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Director of Finance concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted periodically.

15.3.2 Each LHB shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be in accordance with the Welsh Ministers' guidance.

15.3.3 Additions to the fixed asset register must be clearly identified to the delegated budget holder and be validated by reference to appropriate documentation including:

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

15.3.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate). Disposal receipts are to be treated in accordance with the Welsh Ministers' guidance.

15.3.5 The Director of Finance shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.

15.3.6 The value of each asset shall be considered annually in accordance with valuation guidance and methods specified by the Welsh Ministers. Assets should be considered for early revaluation where there is the likelihood of impairment as a result in a change of valuation or asset life.

15.3.7 The value of each asset shall be depreciated using methods and rates as specified by the Welsh Ministers.

15.4 Security of Assets

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

15.4.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Director of Finance. This procedure shall make provision for:

- a) Recording managerial responsibility for each asset;
- b) Identification of additions and disposals;
- c) Identification of all repairs and maintenance expenses;
- d) Physical security of assets;
- e) Annual verification of the existence of, condition of, and title to, assets recorded;
- f) Identification and reporting of all costs associated with the retention of an asset; and
- g) Reporting, recording and safekeeping of cash, cheques, and negotiable instruments.

15.4.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Director of Finance.

15.4.4 Whilst individual officers have a responsibility for the security of property of the LHB, it is the responsibility of Board members and senior LHB officers in all disciplines to apply

such appropriate routine security practices in relation to NHS property as may be determined by the Board. Any breach of agreed security practices must be reported in accordance with agreed procedures.

15.4.5 Any damage to the LHBs premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by Board members and LHB officers in accordance with the procedure for reporting losses.

15.4.6 Where practical, assets should be marked as LHB property.

16. STORES AND RECEIPT OF GOODS

16.1 General position

16.1.1 Stores, defined in terms of controlled stores and departmental stores (for immediate use) should be:

- a) Kept to a minimum;
- b) Subjected to annual stock take;
- c) Valued at the lower of cost and net realisable value.

16.2 Control of Stores, Stocktaking, condemnations and disposal

16.2.1 Subject to the responsibility of the Director of Finance for the systems of financial control, overall responsibility for the control of stores shall be delegated to a senior officer by the Chief Executive. The day-to-day responsibility may be delegated by them to departmental officers and stores managers/keepers, subject to such delegation being entered in a record available to the Director of Finance. The control of any Pharmaceutical stocks shall be the responsibility of a designated Pharmaceutical Manager; the control of any fuel oil and coal of a designated estates manager.

16.2.2 The responsibility for security arrangements and the custody of keys for any stores and locations shall be clearly defined in writing by the designated manager/Pharmaceutical Manager. Wherever practicable, stocks should be marked as health service property.

16.2.3 The Director of Finance shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores and losses.

16.2.4 Stocktaking arrangements shall be agreed with the Director of Finance and there shall be a physical check covering all items in store at least once a year.

16.2.5 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Director of Finance.

16.2.6 The designated Manager shall be responsible for a system approved by the Director of Finance for a review of slow moving and obsolete items and for condemnation,

disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Director of Finance any evidence of significant overstocking and of any negligence or malpractice (see also overlap with **SFI 17, Disposals and Condemnations, Losses and Special Payments**). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

16.3 Goods supplied by an NHS supplies agency

16.3.1 For goods supplied via NHS Wales Shared Services Partnership – Procurement Services (NWSSP-PS) or any other NHS purchasing and supplies agency central warehouses, the Chief Executive shall identify those authorised to requisition and accept goods from the store. The authorised person shall check receipt against the delivery note before forwarding this to the Director of Finance or authorised officer who shall satisfy himself that the goods have been received before accepting the recharge.

17. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

17.1 Disposals and Condemnations

17.1.1 The Director of Finance must prepare detailed procedures for the disposal of assets, including condemnations, and ensure that these are notified to managers.

17.1.2 When it is decided to dispose of a LHB asset, the head of department or authorised deputy will determine and advise the Director of Finance of the estimated market value of the item, taking account of professional advice where appropriate.

17.1.3 All unserviceable articles shall be:

- a) Condemned or otherwise disposed of by an officer authorised for that purpose by the Director of Finance;
- b) Recorded by the Condemning Officer in a form approved by the Director of Finance which will indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the countersignature of a second officer authorised for the purpose by the Director of Finance.

17.1.4 The Condemning Officer shall satisfy themselves as to whether or not there is evidence of negligence in use and shall report any such evidence to the Director of Finance who will take the appropriate action.

17.2 Losses and Special Payments

17.2.1 Losses and special payments are items that the Assembly Government would not have contemplated when it agreed funds for NHS Wales or passed legislation. By their

nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments, and special notation in the accounts to draw them to the attention of the Assembly Government.

- 17.2.2 The Director of Finance is responsible for ensuring procedural instructions on the recording of and accounting for losses and special payments are in place; and that all losses or special payments cases are properly managed in accordance with the guidance set out in the Assembly Government's Manual for Accounts.
- 17.2.3 Any officer discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately inform the Chief Executive and/or the Director of Finance or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Director of Finance and/or the Chief Executive.
- 17.2.4 Where a criminal offence is suspected, the Director of Finance must immediately inform the police if theft or arson is involved. In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the Director of Finance must inform the LCFS, the CFSW Team and NHS Protect in accordance with Directions issued by the Welsh Ministers on fraud and corruption.
- 17.2.5 The Director of Finance or the LCFS must notify the Audit Committee, the Auditor General's representative and the fraud liaison officer within the Welsh Government's Department for Health, Social Services and Children – Finance Directorate (DHSSC–FD) of all frauds.
- 17.2.6 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Director of Finance must notify:
- a) The Audit Committee on behalf of the Board, and
 - b) An Auditor General's representative.
- 17.2.7 The Director of Finance shall be authorised to take any necessary steps to safeguard the LHBs interests in bankruptcies and company liquidations.
- 17.2.8 The Director of Finance shall ensure all financial aspects of losses and special payments cases are properly registered and maintained on the centralised Losses and Special Payments Register and that 'case write-off' action is recorded on the system (i.e. case closure date, case status, etc.).
- 17.2.9 The Audit Committee shall approve the writing-off of losses or the making of special payments within delegated limits determined by the Welsh Ministers and as set out in **Schedule 3** of the SOs.
- 17.2.10 For any loss or special payments, the Director of Finance should consider whether any insurance claim could be made from the Welsh Risk Pool or from other commercial

insurance arrangements.

17.2.11 No losses or special payments exceeding delegated limits shall be authorised or made without the prior approval of the DHSSC Director of Finance.

17.2.12 All novel, contentious and repercussive cases must be referred to the Welsh Government's Department for Health, Social Services and Children – Resources Directorate, irrespective of the delegated limit.

17.2.13 The Director of Finance shall ensure all losses and special payments are reported to the Audit Committee at every meeting.

17.2.14 The LHB must obtain the DHSSC Director General's approval for special severance payments.

18. INFORMATION MANAGEMENT AND TECHNOLOGY

18.1 Information Management & Information Technology (IM&T) Strategy

18.1.1 The Board shall approve an IM&T strategy which sets out the development needs of the LHB for the medium term based on an appropriate assessment of risk. The annual Integrated Medium Term Plan shall include costed implementation plans of the strategy. It shall also ensure that a Director has responsibility for IM&T.

18.1.2 The LHB shall publish and maintain a Freedom of Information (FOI) Publication Scheme, or adopt a model Publication Scheme approved by the Information Commissioner. A Publication Scheme is a complete guide to the information routinely published by a public authority. It describes the classes or types of information about the LHB that are made publicly available.

18.2 Responsibilities and duties of the responsible Director

18.2.1 The responsible Director for IM&T (ABMU Medical Director) has responsibility for the accuracy and security of the computerised data of the LHB and shall:

- a) Devise and implement any necessary procedures to ensure adequate (reasonable) protection of the LHBs data, programs and computer hardware for which they are responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998 (C.29);
- b) Ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;

- c) Ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
- d) Ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as the Director may consider necessary are being carried out.
- e) Shall ensure that policies, procedures and training arrangements are in place to ensure compliance with information governance law.

18.3 Responsibilities and duties of the Director of Finance

18.3.1 The Director of Finance shall need to ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation.

18.4 Contracts for computer services with other health bodies or outside agencies

18.4.1 The responsible Director for IM&T (ABMU Medical Director) shall ensure that contracts for computer services for financial applications with another health organisation or any other agency shall clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes.

18.4.2 Where another health organisation or any other agency provides a computer service for financial applications, the responsible Director for IM&T (ABMU Medical Director) shall periodically seek assurances that adequate controls are in operation.

18.5 Risk assurance

18.5.1 The responsible Director for IM&T shall ensure that the risks to the LHB arising from the use of IT are effectively identified and considered and that appropriate action is taken to mitigate or control risk. This shall include the preparation and testing of an appropriate disaster recovery plan.

19. PATIENTS' PROPERTY

19.1 LHB Responsibility

19.1.1 The LHB has a responsibility to provide safe custody for money and other personal property (hereafter referred to as "property") handed in by patients, in the possession of patients that lack capacity, or found in the possession of patients dead on arrival.

19.1.2 Where the Welsh Ministers' instructions require the opening of separate accounts for

patients' moneys, these shall be opened and operated under arrangements agreed by the Director of Finance.

19.1.3 In all cases where property, including cash and valuables, of a deceased patient is of a total value in excess of £5,000 (or such other amount as may be prescribed by any amendment to the Administration of Estates (Small Payments) Act 1965 (c.32)), the production of Probate or Letters of Administration shall be required before any of the property is released. Where the total value of property is £5,000 or less, forms of indemnity shall be obtained.

19.1.4 Staff should be informed, on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.

19.1.5 Where patients' property or income is received for specific purposes and held for safekeeping the property or income shall be used only for that purpose, unless any variation is approved by the donor or patient in writing.

19.2 Responsibilities of the Chief Executive

19.2.1 The Chief Executive is responsible for ensuring that patients or their guardians, as appropriate, are informed before or at admission by:

- a) Notices and information booklets;
- b) Hospital admission documentation and property records;
- c) The oral advice of administrative and nursing staff responsible for admissions; and
- d) That the LHB will not accept responsibility or liability for patients' property brought into Health Service premises, unless it is handed in for safe custody and a copy of an official patients' property record is obtained as a receipt.

19.3 Responsibilities of the Director of Finance

19.3.1 The Director of Finance must provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients' property (including instructions on the disposal of the property of deceased patients and of patients transferred to other premises) for all staff whose duty is to administer, in any way, the property of patients. Due care should be exercised in the management of a patient's money in order to maximise the benefits to the patient.

20. FUNDS HELD ON TRUST

20.1 Corporate Trustee

20.1.1 Paragraph (ix) of Section A to the SOs refers to the LHB acting as corporate trustee for the management of funds it holds on trust. **SFI 20.2** defines the need for compliance with Charities Commission latest guidance and best practice.

20.1.2 The discharge of the LHBs corporate trustee responsibilities are distinct from its responsibilities for exchequer funds and may not necessarily be discharged in the same manner, but there must still be adherence to the overriding general principles of financial regularity, prudence and propriety. Trustee responsibilities cover both charitable and non-charitable purposes.

20.1.3 The LHB shall establish a Charitable Funds Committee as set out in **Standing Order 3.4** to ensure that each trust fund which the LHB is responsible for managing is managed appropriately with regard to its purpose and to its requirements.

20.2 Accountability to Charity Commission and the Welsh Ministers

20.2.1 The trustee responsibilities must be discharged separately and full recognition given to the LHBs dual accountabilities to the Charity Commission for charitable funds and to the Welsh Ministers for exchequer funds.

20.2.2 The Schedule of Matters Reserved to the Board and the Scheme of Delegation make clear where decisions regarding the exercise of discretion regarding the disposal and use of the funds are to be taken and by whom. All Board members and LHB officers must take account of that guidance before taking action.

20.2.3 The LHB shall make appropriate arrangements for the audit of Funds held on Trust in accordance with Charity Commission requirements.

20.3 Applicability of Standing Financial Instructions to funds held on Trust

20.3.1 In so far as it is possible to do so, most of the sections of these SFIs will apply to the management of funds held on trust.

20.3.2 The over-riding principle is that the integrity of each Trust must be maintained and statutory and Trust obligations met. Materiality must be assessed separately from Exchequer activities and funds.

21. RETENTION OF RECORDS

21.1 Responsibilities of the Chief Executive

21.1.1 The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with the Welsh Ministers' guidance, the Data Protection Act 1998 (c.29) and the Freedom of Information Act 2000 (c.36).

21.1.2 The records held in archives shall be capable of retrieval by authorised persons.

21.1.3 Records held in accordance with regulation shall only be destroyed at the express instigation of the Chief Executive. Details shall be maintained of records so destroyed.

SCHEDULE 1: Procurement of Works, Goods & Services (Supplementary Guidance)

This Schedule forms part of, and shall have effect as if incorporated in the Local Health Board Standing Financial Instructions

1. General

- 1.1 This document provides supplementary guidance to LHB SFIs Section 11. This guidance provides a high level governance framework and is not intended to act as a detailed procurement manual. Specific NHS guidance may also be found on the Welsh Government web site and guidance on best practice procurement can be found in the *Procurement Route Planner*, on the *National Procurement Web Site* www.buy4wales.co.uk. This guidance, together with all procurement guidance issued by the Welsh Ministers shall have effect as if incorporated in the SFIs.
- 1.2 The term "procurement" embraces the complete process from sourcing to taking delivery of all works, goods and services required by the LHB, and furthermore, embraces all building, equipment, consumables and services including health services. Procurement further embraces contract and/or supplier management. EU Directives and UK regulations (including UK Public Contracts Regulations 2006 (2006/5)) exist covering the whole field of procurement, and these Directives set thresholds above which special and demanding procurement protocols and legal requirements apply. All Directors and their staff are responsible for ensuring that those Directives are understood and fully implemented. The protocols set out in the EU Directives are the model upon which all formal procurement shall be based. For the purpose of clarity it should be highlighted that the total value of the contract over its entire period is the qualifying sum that should be used to which the EU thresholds should be applied, save for contracts subject to aggregation rules or of an indeterminate duration.
- 1.3 The main legal and governing principles guiding public procurement are:
- Transparency: public bodies should ensure that there is openness and clarity on procurement processes and how they are implemented;
 - Non-discrimination: public bodies may not discriminate between suppliers or products on grounds of their origin;
 - Fair treatment: suppliers should be treated fairly and without discrimination, including in particular equality of opportunity and access to information;
 - Legality: public bodies must conform to European Community and other legal requirements;

- Integrity: there should be no corruption or collusion with suppliers or others;
- Effectiveness and efficiency: public bodies should meet the commercial, regulatory and socio-economic goals of government in a balanced manner appropriate to the procurement requirement; and
- Efficiency: procurement processes should be carried out as cost effectively as possible and secure value for money.

1.4 EU Directives Governing Public procurement and UK Regulations implementing Directives of the European Union which set out procedures for awarding all forms of regulated contracts that exceed specific thresholds shall have effect as if incorporated in the LHBs SFIs.

1.5 The LHB shall comply with all requirements of the Welsh Ministers including but not exclusively:

- Duty of equality;
- Any requirement for the Welsh Ministers to be notified of any proposed contracts and to approve contracts let above £1 million not covered by general consent;
- The monitoring arrangements for contracts that fall below £1 million not covered by general consent;
- Public Sector Business Cases using the 5-case model;
- Estatecode;
- Procurement of Management Consultants within the NHS;
- Opening Doors – the Charter for SME Friendly Procurement and its implementation Guidance, which sets out the principles for working with Small and Medium Size Enterprises;
- Procurement and the Third Sector: Guidance for the public sector in Wales, which provides guidance on how to best work with voluntary and not for profit organisations;
- Supported Factories and Businesses Frequently Asked Questions, which provides legal guidance on how work can be reserved for organisations where more than 50% of the workers are disabled;
- Community Benefits Methodology, which provides guidance on how to work with contractors so that economically inactive people can be employed via major public sector contracts;

- Supply Void Methodology, which provides guidance on how to identify opportunities for Wales based suppliers in the supply chain;
- Construction Procurement Strategy, which sets out the Welsh Ministers' approach to construction projects;
- Strategic Sourcing Plan, which sets out how collaborative contracting is undertaken in Wales;
- The Xchangewales programme, which facilitates electronic procurement including use of the national procurement web site and the Welsh Purchasing Card.

1.6 The LHB should also follow any other best practice requirements as set out by Value Wales and available on its National Procurement Web Site.

1.7 For all procurement activities, the LHB will ensure it has processes in place to obtain best value for money. The Director of Finance shall ensure that there is a suitably qualified and experienced officer who shall oversee and manage procurement on behalf of the LHB.

1.8 Best value for money in a procurement context is defined as the "optimum combination of whole life costs and quality (or fitness for purpose) to meet the user's requirements". This may not be the lowest price.

1.9 All relevant legislation should also be incorporated into procurement policies including the need to conduct Equality Impact Assessments.

2. Ordering

2.1 No goods or services shall be ordered except on an official order or through a specialised bespoke contract (e.g. IT systems), and contractors shall be notified that they should not accept orders other than in an official form or against a bespoke contractual arrangement.

2.2 Orders shall only be placed in accordance with the operational scheme of delegation and authorisation as approved by the Chief Executive. As it is the order that commits the LHB to expenditure, there must be tight control on the provision of requisitioning and ordering processes to those staff authorised to raise requisition / orders on behalf of the LHB.

2.3 In the case of an emergency, verbal orders can be issued by an authorised officer only, as set out in the LHBs scheme of delegation, and must be accompanied by an official order number. The order shall be confirmed electronically and/or in writing as soon as possible and in any case within 5 working days.

3. Quotations

3.1 Invitations to quote shall be issued in accordance with the LHBs Quotation Procedure.

- 3.2 For goods and services (including building and engineering) of a value between £5,000 and £25,000 exclusive of VAT, three or more written competitive quotations are to be sought. In determining which quotation is the best value the LHB may take into account whole life costs such as price, delivery date, running costs, cost effectiveness, quality, aesthetic and functional characteristics, technical merit, after sales services and technical assistance or clinical reasons. However, where the lowest quotation is not accepted, a formal written record is to be maintained as to why the lowest was not acceptable.
- 3.3 For goods and services of a value less than £5,000 exclusive of VAT, quotations shall be sought at the discretion of the Director of Finance/ Director of Strategy or authorised officer.
- 3.4 Where it is intended that stage payments be made on a scheme the companies invited to quote shall be subject to a full financial vetting process.
- 3.5 Where the required number of quotations is not available the Director of Finance / Director of Strategy or nominated deputy in their absence shall be authorised to accept a lower number subject to the principles of fair competition. A record of the decision will be kept for audit purposes. **Any requests sent directly to the authorising officers without the involvement of NWSSP Procurement Services shall be returned unapproved. Only requests made via the NWSSP Head of Procurement will be considered for approval.**
- 3.6 Single quotations shall be the exception. They shall only be called for when a single firm or contractor or a proprietary item or service of a special character is required and must be formally authorised by the Director of Finance/Director of Strategy/Chief Operating Officer. A detailed record shall be maintained by the LHB and reported to the Audit Committee.
- 3.7 As soon as practicable after the date and time stated as being the latest time for receipt of quotations they shall be opened by two persons as set out in the LHBs scheme of delegation and who are independent of the person who has issued the request for quotation. Where the quotes are issued and received electronically, they shall be handled in accordance with the Electronic Tendering / Quotations Code which is set out in section 7.
- 3.8 Where the quotation is received in written format, the date and time of receipt of each quotation shall be endorsed on the unopened quotation envelope and a record made of its receipt on the schedule of quotations. Where the quotation is received electronically, it shall be handled in accordance with the Electronic Tendering / Quotations Code which is set out in section 7.

4. Competitive Tendering

- 4.1 Procurement of all works, goods and services, (including building and engineering) in excess of £25,000 exclusive of VAT, is to be by competitive tendering, taking care that

where the estimated procurement value exceeds EU thresholds, the appropriate advertisement is placed in the Official Journal of the European Union. All such contracts shall be advertised via www.buy4wales.co.uk. Care must be exercised where potential contracts are mixed to identify which category the procurement falls into i.e. services, works or supplies. It is the total contract value exclusive of VAT over the period of contract and not the annual value to which the limits relate (total value of all goods and services required) as set out in the Public Contracts Regulations 2006 (2006/5). Any attempt to avoid these limits may expose the LHB to risk of legal challenge and result in disciplinary action against an individual[s].

- 4.2 Single tender action shall only be permitted when a single firm or contractor or a proprietary item or service of a special character is required and as set out in law. Single tender action shall only be employed following a formal submission and with the express written authority of the Chief Executive, or designated deputy having taken into consideration due regard of procurement requirements. **Any requests sent directly to the Chief Executive or designated deputy without the involvement of NWSSP Procurement Services shall be returned unapproved. Only requests made via the NWSSP Head of Procurement will be considered for approval.**
- 4.3 A detailed record shall be maintained by the Chief Executive. All single tender action and extension of contracts must be reported to the Audit Committee.
- 4.4 The LHBs competitive tendering/quotation procedures may be waived where the LHB has legitimate access to a National Framework Agreement / All Wales contract or Supplies Consortium contract provided that the rules under such contract or framework agreement are adhered to.

5. Invitation to Tender

- 5.1 It is the responsibility of the Director of Finance / Director of Strategy to establish that all firms on the tender list are financially sound and professionally competent through a pre-qualification / financial vetting process undertaken by a suitably qualified and experienced procurement officer.
- 5.2 It is Welsh Government policy to foster the creation and development of small and medium sized businesses. If they are able to demonstrate sufficient capacity, the LHB should include them on appropriate lists of companies invited to quote or tender.
- 5.3 In accordance with best practice, the LHB should invite a minimum of four companies to tender for contracts of value between £25,000 and the prevailing OJEU threshold (exclusive of VAT). For contracts above the OJEU threshold, a minimum of 5 suppliers should be invited to tender. Should the above number not be available due to professional constraints or market conditions, then the Chief Executive or designated deputy (Director of Finance/Director of Strategy) shall be authorised to accept a lower number of tenderers, on the receipt of a full report detailing the reasons why the full number of tenderers cannot be represented. Should only one company be considered the requirements of paragraph 4.2 will apply and reported to the Audit Committee.

- 5.4 Every invitation to tender should be accompanied by the LHBs standard contract terms and conditions, and the basis on which the LHB shall engage in business with the contractor. Where appropriate a customised contract can be developed by senior procurement officers with appropriate legal advice and issued subject to approval by the Director of Finance.
- 5.5 The time allowed for the submission of bids shall be advised to all contractors invited to tender and shall be proportionate to the complexity of the procurement. Extensions of time shall not normally be permitted, but if for exceptional reasons an extension is required, then all potential tenderers shall be so informed and afforded the additional time. All such extensions are to be notified in writing or by email as well as by telephone. In the event of tenders already having been submitted by certain contractors they may be permitted to reconsider their bid.

6. Pre-tender discussions

- 6.1 In accordance with WHC (2006) 025, where appropriate, and being careful to maintain fairness, the LHB may:
- a) Make pre-tender contact with the market to discuss and clarify the specification and requirements, particularly if it is complex or unusual; and
 - b) Offer potential bidders opportunities to discuss and clarify any potential ambiguity about the interpretation of the services specification or requirement before tenders are submitted.
- 6.2 Prior to any officer entering into such discussions, advice must be sought from the procurement department who should also be afforded the opportunity to be party to any discussions.

7. Electronic Tendering / Quotations Code

Introduction

- 7.1 This Code shall apply to all tender invitations issued over a secure Internet based facility and will apply equally to electronic tendering processes undertaken by the LHB Procurement Department.
- 7.2 This Code shall have effect as if incorporated into the SFIs of the LHB.
- 7.3 Except as provided in this Code, tenders must be obtained in accordance with the requirements of these SFIs. The contents of this code do not preclude the requirements of SFI 12 where the processes detailed may be implemented.
- 7.4 Detailed operational guidance covering electronic tendering arrangements will be maintained separately by NWSSP–FS and LHB Procurement, which will be subject to

regular audit review as part of electronic tendering processes.

Invitation to tender

- 7.5 All electronic tenders shall be invited via the secure externally hosted web site supporting the electronic tender Application.
- 7.6 A Service Level Agreement must be signed by Value Wales and the web site host, on behalf of the Welsh Public Sector, and should include the ability for the LHB to examine security procedures at the host site when required and to have access to any relevant security audit reports.
- 7.7 Tender documents shall be posted to the secure site and suppliers notified by e-mail of:
 - a. The availability of the tender for completion,
 - b. The date and time for the return of bids,
 - c. Any additional conditions, which must be considered by the tenderer and which, could affect the completion of the bid.
- 7.8 The electronic tender shall provide full details of the LHBs standard or bespoke contract terms and conditions.
- 7.9 The system allows the Contracts Officer to identify those tenderers who have not accessed their tenders. Tenderers who have not accessed the site in 5 working days shall be contacted to ensure they intend to bid.
- 7.10 The time allowed for the submission of bids shall be advised to all companies invited to tender. Extensions of time shall not normally be permitted but in the event that it is required all tenderers shall be advised by e-mail of the length of the extension and revised return date prior to the previously advised closing date.
- 7.11 Where a tender closing date needs to be extended, previously agreed dates can only be changed with approval from the Senior Manager/Director/Procurement Projects Officer or Commodity Manager within the issuing Department. Any extension agreed must be recorded for audit purposes using the proforma - Contracting File Note or by confirmation via email
- 7.12 The extension to the closing date can only be progressed once this approval has been given, and is actioned by altering the closing date within E tendering system.
- 7.13 Agreement to issue additional tender(s) must be given by the Senior Manager/Director/Procurement Projects Officer within the issuing Department (NWSSP-FS or LHB) and the reasons why fully documented. To issue an additional tender the supplier concerned is added to the supplier list for the ITT within the E tendering system.

Receipt of tenders

- 7.14 The System shall accept and store the tender returns in accordance with paragraphs 7.17 to 7.24 below.
- 7.15 Tenders will be completed and submitted in the secure external web site.
- 7.16 Tenderers who miss the closing date for receipt of tenders shall have no further opportunity to post bids to the external web site for that particular tender issue.

Opening and validity of tenders

- 7.17 Prior to the start of the Tender process, the Contracts Manager shall designate one or more persons to form the “Designated Opening Committee” (DOC). The system will ensure that all members of the DOC are present at the opening by requesting that they each login to the system using their personal passwords.
- 7.18 As soon as possible after the expiry of the return date, the DOC shall open the Qualifying Envelopes firstly and then the Technical responses in the external web site.
- 7.19 Once the Technical responses have been opened they are visible to those users assigned access, the system shall prevent editing.
- 7.20 Once the criteria for the Technical responses have been scored, the Commercial responses can be opened by the DOC.
- 7.21 Once the Commercial responses have been opened they are visible to those users assigned access, the system shall prevent editing.
- 7.22 Parallel opening facility permits opening of the Commercial responses before scoring of the Technical responses
- 7.23 Parallel opening shall only be deployed with the authority of a senior or commodity manager and the rationale for such an action clearly documented for audit purposes.
- 7.24 Any scoring or analysis carried out in the external website will be fully auditable. Communication between NWSSP–FS or LHB Contracting Team and suppliers will be done using the messaging tool in the external website so that this is also auditable.

Monitoring contracts

- 7.25 Overall monitoring of the contracts awarded shall be the responsibility of the Director of Finance, who shall present a report annually to the LHB Board detailing the number and value of all contracts placed during the previous financial year in excess of the LHBs tender limit.

8. Delivery, Receipt and Safe Custody of Tenders

- 8.1 This section relates to paper based procurement and should only apply in exceptional circumstances.
- 8.2 The time allowed for the submission of the tender shall depend on the scope and value of the goods or services. Tenders shall not be invited for return on public and bank holidays, nor on days prior to such holidays. The date and time of receipt of each tender shall be endorsed on the unopened tender envelope/packaging/label, and a record kept of its receipt in the 'Tender Received' log and later, on opening, in a properly constituted register.
- 8.3 The Director of Finance is responsible for the receipt, endorsement and safe custody of tenders until the time appointed for their opening and for the maintenance of records. The tender envelope must be retained after opening together with the opened tender documents and collected by the initiator of the tender.
- 8.4 If a tender is received after the date and time specified for return, and the other tenders have not yet been opened, then the Director of Finance, or in their absence a nominated deputy, shall have authority to decide whether or not the tender is to be considered valid. If considered valid, the tender should be included and opened in accordance with Section 8. If considered invalid, then it should be held until the valid tenders have been opened and listed as described in Section 8. It should then be opened solely for the purpose of determining the name and address of the company or trader and the party who invited the tender shall be responsible for returning the tender to its sender with a covering note to the effect that it had been received too late for inclusion in the competition.
- 8.5 All tender documents and envelopes once assessed shall be retained in secure storage. All contracts under seal i.e. deeds (inc. tenders) to be retained for a minimum of 12 years; contracts under hand for a minimum of 6 years; unsuccessful tender documents for 6 years.

9. Opening and Validity of Tenders

- 9.1 As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened by a person authorised by the Chief Executive in the presence of an independent witness. The independent witness shall not be an officer of the Directorate who has invited the tender being opened. Notwithstanding the above, no tender shall remain unopened for a period exceeding two working days after the due date for receipt of that tender. Any additional delay to be notified to the Chief Executive.
- 9.2 Every tender received shall be stamped with the date of opening and signed by those present at the opening. Each page of the tender (except for detailed bills of quantities) which provides relevant financial information and prices, must be initialled and date stamped by the persons opening the tender and any amendments signed. In addition, in the case of tenders that contain a contract page signed by the tenderer, the opener and the witness shall also sign that page.

9.3 A record shall be maintained to show for each set of competitive tender invitations issued:

- a) The names of all firms invited, which shall be recorded prior to the date for receipt of tenders, except in the case of tenders received as a result of public advertisement,
- b) The names of, or the number of firms from which tenders have been received,
- c) The date and time the tenders were received,
- d) The date and time the tenders were opened,
- e) The record shall be signed by the persons present at the opening.

The tender register must be a bound book kept by the Director of Finance in a secure place.

9.4 A record shall be maintained of all price alterations on tenders. Where a price has apparently been altered, the final price shown shall be recorded. The record shall be signed by those present at the opening. The use of liquid paper on any pages of the tender may invalidate the tender submission.

9.5 Tender documents, which do not comply with the guidelines issued with each invitation to tender, shall be invalidated, recorded accordingly and returned to the sender.

10. Evaluation, Acceptance and Extension of Tenders

10.1 Incomplete tenders, that is those from which information necessary for the adjudication of the tender is missing, and amended tenders, that is those amended by the tenderer upon his own initiative in writing after the due time for receipt, should be dealt with by a Tender Adjudication Panel to ensure there is no unfair advantage given to any tenderer.

10.2 Evaluation of tenders shall be entrusted to the appropriately qualified and experienced staff with the appropriate knowledge and skills to ensure that tenders are assessed in a robust and fair manner. This group shall be responsible for making a recommendation to the Chief Executive or where this has been formally delegated to the nominated committee, project board or officer that has the authority to approve such recommendations.

10.3 There is no legal requirement for the LHB to accept any tender or award any contract or part of a contract, and the LHB, may if it so adjudges, not proceed further at this stage. Evaluation shall be determined by either the lowest price or most economically advantageous tender.

10.4 In determining which tender is the most economically advantageous the LHB may take

into account such matters as price, delivery date, running costs, cost effectiveness, quality, aesthetic and functional characteristics, technical merit, after sales services and technical assistance or clinical reasons. The final criteria (and any sub criteria) being used to evaluate tenders must be agreed and published to bidders/ interested parties, no later than the ITT (Invitation to Tender) stage and must be supported by an equitable and transparent weighting and scoring methodology in accordance with EU Procurement Regulations. Particular reference must be made, where this is pertinent, to Sustainable Development as evaluation criteria.

The area of environmental and sustainable purchasing is a developing one and advice must be sought from procurement professionals in terms of the options and issues around this matter. This will include issues around the use of sustainable products, cost implications, use in specifications, evaluation and value for money.

- 10.5 Necessary discussions with a tenderer to clarify technical aspects of his tender before the award of a contract need not disqualify the tender provided the discussions and changes to the tender are not material. Clarification of the technical aspects shall be confirmed by the tenderers in writing. Clarifications on commercial matters should only be undertaken by exception providing that such clarifications do not distort competition. The procurement department must be informed and involved in any such commercial clarifications to ensure probity and audit compliance.
- 10.6 The LHB shall confirm that referees are in a position to comment authoritatively on the capacity to provide the goods or services being tendered for, that referees have no potential conflicts of interest, and that all references are fully recorded and retained.
- 10.7 Subject to complying with any legal requirements and agreed contract conditions, a contract may be extended on a single occasion provided the additional cost does not exceed 50% of the original value of the contract to a maximum of £75,000 exclusive of VAT. Such extension must have the express approval of the Chief Executive or designated deputy in their absence (Director of Finance/Director of Strategy). Where a contract was advertised and includes a legal clause providing the option to extend, such approval is not required unless there is a change to any of the current contract terms and conditions including price. Any contract extensions must be reported to the Audit Committee.

11. Post Tender Discussions

- 11.1 Post tender discussions [PTD] consists of clarifications with suppliers after receipt of formal tenders/quotations from suppliers but before letting a contract in the content of an offer without:
- Disadvantaging other tenderers;
 - Distorting competition;
 - Adversely affecting trust in the competitive tendering process;
- 11.2 Probity and transparency are required in PTD to ensure that a “Dutch auction” position

is not conducted, i.e. one bidder being traded off with another.

- 11.3 PTD is a specialist area of activity and professional procurement support is essential to ensure fairness and equity where PTD is considered appropriate and justified.
- 11.4 More information on PTD best practice is available from the [Value](#) Wales website.

12. Notification of Results of Tenders

- 12.1 All unsuccessful tenderers must be advised in writing within seven working days of the award of the contract where this is below the OJEU threshold value. For OJEU procurements, the requirements of the Public Contracts Regulations 2006 (2006/5) shall apply including debriefing and placement of a mandatory 10 day (Alcatel ruling) Standstill period.

13. Contracts

- 13.1 The LHB may only enter into contracts within the statutory powers delegated to it by the Welsh Ministers and in accordance with EU Procurement Law and UK Procurement Regulations.
- 13.2 In every contract document a clause shall be included to secure that the LHB shall be entitled to cancel the contract and to recover from the contractor the amount of any loss resulting from such cancellation, if the contractor shall have prepared his tender in collusion with others or 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 forbearing to do, or having done or forborne to do, any action in relation to the obtaining or execution of the contract or any other contract with the LHB or if the like acts shall have been done by any person employed by him acting on his behalf (whether with or without the knowledge of the contractor) or if in relation to any contract with the LHB the contractor or any persons employed by him or acting on his behalf shall have committed an offence under the Prevention of Corruption Acts 1906 (c.34) and 1916 (c.64) and the Public Bodies Corrupt Practices Act 1889 (c.69) and as defined in the Standards of Business Conduct for Employees of the LHB.
- 13.3 Any contracts under £25,000 exclusive of VAT may be let by exchange of simple forms of contracts or official orders at the discretion of the Director of Finance provided that the following are specified:
- The work, materials, matters, or goods to be provided or undertaken,
 - The price to be paid and payment terms, with a statement of discount or other deduction if any,
 - The time or times within which the contract is to be delivered.

14. Contract Management

- 14.1 Contract Management is the process which ensures that both parties to a contract fully meet their respective obligations as effectively and efficiently as possible, in order to deliver the business and operational objectives required from the contract and in particular, value for money. The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the LHB so as to ensure that these implicit obligations are met.
- 14.2 Where the LHB decides to award additional funding to contractors outside the terms of a contract, it should:
- Robustly assess the evidence that there are exceptional circumstances to justify the funding and that it is compliant with the applicable law;
 - Ensure this does not adversely affect any competitive process;
 - Fully record the basis of the decisions and report the decision to the Audit Committee.
- 14.3 Advice on best practice on Contract Management is available from Value Wales.

15. Collaborative Contracts

- 15.1 Where the LHB enters into a collaborative contract with other public sector organisations the LHB SFIs and procedures shall be used where the LHB is the lead organisation. Where the LHB is not the lead organisation the SFIs and procedures of the host organisation shall be used.
- 15.2 Where joint schemes are undertaken with an outside agency that involve the outside agency guaranteeing to fund whole or part cost of the scheme, a written undertaking should be obtained from the outside agency guaranteeing the stated funding before the LHB contracts for the necessary services.

16. Construction Procurement

- 16.1 Construction procurement undertaken by the LHB will be conducted in accordance with the Welsh Government's Construction Procurement Strategy and the general principles of the OGC Achieving Excellence (AEC) in Construction initiative as applicable to NHS Wales.
- 16.2 The Welsh Ministers have developed a procurement strategy for construction which seeks to develop a more consistent approach to the procurement of works projects. The LHB will adopt and embed the outputs of this strategy that can be accessed at www.buy4wales.co.uk/prp

- 16.3 The LHB will engage with NHS Wales Shared Services Partnership – Facilities Services (NWSSP–FS) making use of the Designed for Life framework as appropriate for projects valued in excess of £6m. For procurement of projects below £6m, the latest guidance from NWSSP–FS should be followed.

17. Procurement for Supply of Health Care Services

- 17.1 Where the LHB is required or elects to invite tenders for the supply of healthcare services the LHBs SFIs and this supplementary guidance shall apply in relation to tendering procedures.
- 17.2 The procurement arrangements surrounding the provision of healthcare services is a complex area and as such legal advice must be secured where there is doubt over the applicability or not of applying competitive processes.
- 17.3 To assist with the assessment of appropriate procurement routes, the following process should be used in reaching a decision:

Assess relevant markets	Evaluate existing contracts	Evaluate procurement options	Evaluate procurement routes
Need for services	Performance	Outcomes	Advice
Market structure	Efficiency	Attractiveness	EU Part B options
Competition	Demand	'Lotting' strategy	Other
Capacity	Fitness	Single/multi-source	
Innovation Interest			

- 17.4 The key principles underpinning the process are:

- Transparency** – including the use of sufficient and appropriate advertising of tenders, transparency in making decisions not to tender, and the declaration and separation of conflicts of interest;
- Non-discrimination** – ensuring all providers and products are given an equal opportunity regardless of origin;
- Equality of treatment** – ensuring that all providers and sectors have equal opportunity to compete where appropriate; that financial and due diligence

checks apply equally and are proportionate; and that pricing and payment regimes are transparent and fair;

- d) **Proportionality** – making procurement processes proportionate to the value, complexity and risk of the services contracted, and critically not excluding potential providers through overly bureaucratic or burdensome procedures.

17.5 When awarding contracts for patient services to new suppliers, the LHB shall develop risk management and contingency plans proportionate to the risks in the case of service or financial failure.

17.6 All contracts or agreements for health services should be supported by appropriate documentation specifying as a minimum:

- a) Volume of services
- b) Quality and outcomes
- c) Financial value and payment arrangements
- d) Monitoring arrangements
- e) Disputes and resolution processes.

17.7 For Health Care Agreements between NHS bodies in Wales, the standard documentation issued by the Welsh Ministers should be used.

18. Disposals

18.1 Competitive Tendering or Quotation procedures is discretionary in respect of the disposal of:

- a) Any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the Chief Executive or their nominated officer;
- b) Obsolete or condemned articles and stores, which may be disposed of in accordance with applicable regulations and law at the prevailing time (e.g. WEEE) and the procedures of the LHB;
- c) Items to be disposed of with an estimated sale value of less than £1000;
- d) Items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract, in all other instances the best possible market price should be obtained.

SCHEDULE 2: Revised General Consent to Enter into Individual Contracts up to £1m in any one Financial Year

**Letter from Deputy Director of Finance,
Department for Health, Social Services and Children**

This Schedule forms part of, and shall have effect as if incorporated in the Local Health Board Standing Financial Instructions

Mark Osland
Dirprwy Cyfarwyddwr Cyllid,
Yr Adran Lechyd, Gwasanaethau Cymdeithasol a Phlant
Deputy Director of Finance,
Department for Health, Social Services and Children



Llywodraeth Cymru
Welsh Government

19 April 2012

Chief Executives
Local Health Boards
Wales

Eich cyf • Your ref:
Ein cyf • Our ref:

Dear All

**Re: UPDATED PROCESS FOR LOCAL HEALTH BOARDS TO OBTAIN
CONSENT TO ENTER INTO CONTRACTS EXCEEDING £1M AND
MONITORING ARRANGEMENTS FOR CONTRACTS BELOW £1M.**

- Paragraph 13(3) of Schedule 2 to the National Health Service (Wales) Act 2006 places a requirement on Local Health Boards (LHBs) to obtain the consent of Welsh Ministers before:
 - Acquiring and disposing of property;
 - Entering into contracts; and
 - Accepting gifts of property (including property to be held on trust).
- The provision allows the Welsh Ministers to give consent, if it thinks fit, which may be given in general terms covering one or more descriptions of case.
- On 14th September 2009 following Ministerial approval the former Chief Executive NHS Wales issued a Revised General Consent by way of a letter to all LHB Chief Executives, which provided consent for LHBs to enter into individual contracts **up to the value of £1 million with the exception of those contracts specified in paragraph 5 below**. All contracts exceeding this delegated limit, all acquisitions and disposals of land or any limit, and the acceptance of gifts of property, must receive the written approval of the Welsh Government before being entered into.



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4. As of 18th January 2012 the granting of consent to LHBs to enter into contracts exceeding £1 million ceased to be delegated to the Director General Health, Social Services & Children / Chief Executive NHS Wales and the Director of Finance. From this date consent for contracts exceeding £1 million will be exercised directly by the Minister for Health and Social Services.
5. The requirement for consent does not apply to any contracts entered into pursuant to a specific statutory power, and therefore does not apply to:
 - (i) Contracts of employment between LHBs and their staff;
 - (ii) Transfers of land or contracts effected by Statutory Instrument following the creation of LHBs;
 - (iii) Out of Hours contracts; and
 - (iv) All NHS contracts, that is where one health service body contracts with another health service body.
6. For LHB contracts to be let exceeding £1million, in order to allow the Minister to have timely sight of forthcoming approval requests, information will be required at the contract planning stage to note the proposed contract. This information should be provided in accordance with the 'How to Provide Initial Briefing' guidance in Appendix 2 to this letter and will use the Contract Briefing Paper template available from Shared Services Procurement. Contracts entered into under the All Wales Capital Programme are not covered by this requirement. The application and approval procedures for All Wales Capital Programme activity already embeds arrangements for Welsh Ministers consent into the overall project approval process.
7. Applications for approval of contracts exceeding £1million must be made in accordance with the 'How to Apply for Consent' guidance and template in Appendix 3 to this letter, except for contracts entered into under the All Wales Capital Programme as referred to above.

NEW MONITORING ARRANGEMENTS

8. The Minister has requested that additional monitoring arrangements are put in place for contracts that fall below £1million. The following process and information requirement is to be introduced;
 - (i) From 1st April 2012 for **individual contracts with a value exceeding £500,000 and up to £1,000,000**, a contract summary form should be provided for Ministerial review prior to entering into the contract. It is not necessary to obtain Welsh Ministers consent to enter into such contracts, however adequate information and time should be given (per guidance in Appendix 4) for the Minister to review the contract particulars.
 - (ii) From 1st April 2012 for **individual contracts with a value exceeding £250,000 and up to £500,000** a list of contracts let in the preceding 6 months is to be provided in the format set out in Appendix 5.
9. Chief Executives are reminded that to expedite the approval process the following should be maintained up to date and provided to Welsh Government:

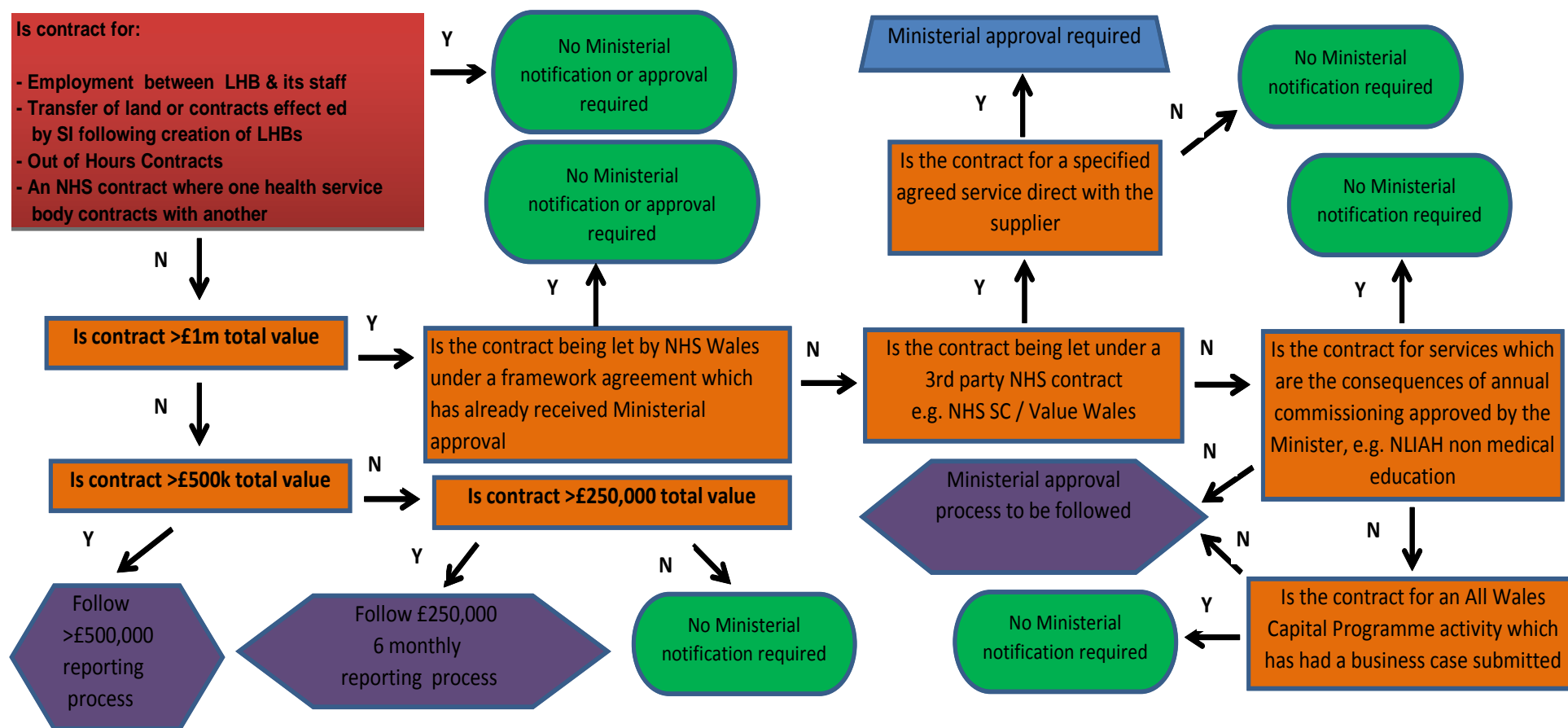
- Details of signatories authorised to sign the application form to gain consent – endorsed by yourselves.
 - At the beginning of each financial year, as far as is possible, a list of relevant contracts that are due to be let during each financial year and an indication of when those exceeding £1million will require approval.
10. As an aid to determining whether the contract requires the consent of the Welsh Ministers a decision tree is provided at Appendix 1 covering different contractual arrangements and their treatment.
 11. The process changes outlined in this letter and accompanying guidance will come into effect immediately.
 12. With the transfer of Shared Services Partnership service to Velindre NHS Trust from the 1st June 2012 changes or amendments to these processes may arise and will be notified in due course.
 13. Enquiries regarding the How to Apply for Consent process, or the monitoring of contracts exceeding £250,000 to £1million should be directed to Kim Jenkins, Finance Directorate, Department for Health, Social Services and Children – kim.jenkins@wales.gsi.gov.uk.

Yours sincerely



Mark Osland
Deputy Director of Finance

Appendix 1 Contracts – Consent & Monitoring Decision Tree



Appendix 2 – How to Provide Initial Briefing

1. LHBs should, at the contract planning stage consider whether it is a contract for which they require consent of the Welsh Ministers. The contract planning stage is either the 'contract planning stage' as set out in the Shared Services Procurement guidance, if following a Shared Service Procurement process, or at the point at which sufficient information is known to have clarity around the specification requirements.
2. As an aid to determining whether the contract requires the consent of the Welsh Ministers a decision tree is provided at Appendix 1 covering different contractual arrangements and their treatment. Any queries at this stage as to whether approval is needed should be directed to Kim.Jenkins@wales.gsi.gov.uk, cc'd to Mary.Swiffen-Walker@wales.gsi.gov.uk.
3. If the LHB decides that they wish to pursue a contract that does require consent of the Welsh Ministers (i.e. one not pursuant to their direct statutory powers), and which exceeds the general consent threshold of £1million, or is not covered by the general consent they should send the Contract Briefing Paper along with any supporting documentation via e-mail to Kim.Jenkins@wales.gsi.gov.uk, cc'd to Mary.Swiffen-Walker@wales.gsi.gov.uk. The Contract Briefing Paper form can be obtained from the Procurement Services website under the section for Policies, Procedures and Forms under the 'staff' tab (guidance or a copy of the form can be obtained from your Procurement Department) <http://www.procurement.wales.nhs.uk/>
4. The Contract Briefing Paper form should be provided at the 'contract planning stage' if following a Shared Service Procurement process, or at the point at which sufficient information is known to have clarity around the specification requirements.
5. Timely provision of Initial Briefing for Ministerial review is crucial to the smooth running of the approval process. Contracts for which an application for consent is received without the Initial Briefing having been provided may encounter delays in the approval stage.
6. Within the Contract Briefing Paper explanation is sought for Private Sector Procurement Rationale, this is the explanation as to why the goods / services were sought from private sector, rather than in-house NHS delivery. The purpose of this section is to explain what options were considered including in-house delivery and reasons for private sector procurement e.g. value for money, service quality, capacity etc. The degree of detail required here will range dependent upon the goods or services being procured. If the contract is for the provision of goods which can only be bought from the private sector the rationale for private sector procurement is straightforward – as the only source of the goods is the private sector. If the contract is for the provision for example of homecare services, or services that may historically have been delivered by frontline healthcare professionals, or in a hospital / clinic setting, a more detailed explanation will be required setting out what options were considered for delivery within the NHS, and the improved outcomes (quality, cost, value) achieved by private sector procurement. If such a contract is being pursued under a strategy or policy direction this should be cited in the rationale.

7. Framework contracts. This information should be provided for the tender and letting of the overall framework contract. It will not be necessary to provide this information for subsequent individual contracts entered into if exceeding £1million.
8. These processes do not apply to All Wales Capital Programme contracts, as the application, business case and approvals process for such activity already encompasses Welsh Ministers approval.
9. These processes do not apply to situations where NHS Wales bodies access services which have been contracted for by a third party body e.g. Value Wales, NHS Supply Chain. In these situations NHS Wales is not the contracting body. However, if under such arrangements an LHB enters into a contract with a supplier for specified goods or services, this would be subject to the processes outlined above. See examples below for clarification:
 - a. If an LHB were to access a Value Wales office supplies contract for standard office supplies exceeding £1million this would not require Ministerial consent.
 - b. However, if under an NHS Supply Chain contract for consultancy services a specific consultancy project was scoped and tendered via mini-competition under the Framework, and a contract entered into between the LHB and successful supplier for more than £1million, Ministerial consent would be required.
10. The processes outlined above would not be applicable to situations where LHBs enter into contracts which are the consequence of an annual commissioning paper that is approved by the Minister before contracting arrangements are made e.g. NLIAH contracts with Universities for non-medical education.
11. No formal notification will be provided to LHBs that the Minister has noted the contract. Once the Initial Briefing has been provided the LHB should allow a 10 day period for queries to arise. Officials will notify applicant LHBs of any queries or Ministerial requests if they arise from the Ministers' consideration of the contract. Once the 10 day period has passed the procurement procedure should progress.

Appendix 3 – How to Apply for Consent

1. Local Health Boards (LHBs) should, prior to signing a contract, consider whether it is a contract for which they require consent of the Welsh Ministers.
2. As an aid to determining whether the contract requires the consent of the Welsh Ministers a decision tree is provided at Appendix 1 covering different contractual arrangements and their treatment. Any queries at this stage as to whether approval is needed should be directed to Kim.Jenkins@wales.gsi.gov.uk cc'd to Mary.Swiffen-Walker@wales.gsi.gov.uk
3. If the LHB decides that they wish to enter into a contract that does require the consent of the Welsh Ministers (i.e. one not pursuant to their direct statutory powers), and which exceeds the general consent threshold of £1million, or is not covered by the general consent, they should complete the application form for consent provided with this guidance and submit it along with supporting documentation via e-mail to Kim.Jenkins@wales.gsi.gov.uk cc'd to Mary.Swiffen-Walker@wales.gsi.gov.uk and Tracy.Jones3@wales.nhs.uk
4. If it is not possible to provide all documentation electronically, hard copies should be provided to Mary Swiffen Walker, Finance Directorate, Department of Health, Social Services and Children, Welsh Government, Cathays Park, Cardiff, CF10 3NQ.
5. In addition to the application form, applicants should ensure that all relevant documents required to consider the request are included with the application form.
6. **At the very minimum,** the documents attached to the application should include:
 - The proposed terms of the contract i.e. parties, period and consideration,
 - Evidence of Board approval of the contract, or evidence of appropriate sign off to procure by participating LHBs in the case of All Wales contracts. (*Shared Services Procurement to develop appropriate process guidance which will be incorporated into this guidance when available*)
 - In the case of approval to dispose of land / buildings, evidence should be submitted that demonstrates market value has been achieved, or a reason given why this is not the case.
7. In order to ensure timely approval, Welsh Government require 15 working days in which to consider approvals. There may be occasions when an urgent decision is needed, and officials will endeavour to respond quickly and promptly in these cases to ensure no unnecessary delay arises. However this is expected to be in exceptional cases only. This does not remove the obligation to obtain consent / approval prior to entering into contracts over £1million.
8. Framework contracts. This information should be provided for the tender and letting of the overall framework contract. It will not be necessary to provide this information for subsequent individual contracts entered into if exceeding £1million.

9. These processes do not apply to All Wales Capital Programme contracts, as the application, business case and approvals process for such activity already encompasses Welsh Ministers approval.
10. These processes do not apply to situations where NHS Wales bodies access services which have been contracted for by a third party body e.g. Value Wales, NHS Supply Chain. In these situations NHS Wales is not the contracting body. However, if under such arrangements an LHB enters into a contract with a supplier for specified goods or services, this would be subject to the processes outlined above. See examples below for clarification:
- If an LHB were to access a Value Wales office supplies contract for standard office supplies exceeding £1million this would not require Ministerial consent.
 - However, if under an NHS Supply Chain contract for consultancy services a specific consultancy project was scoped and tendered via mini-competition under the Framework, and a contract entered into between the LHB and successful supplier for more than £1million, Ministerial consent would be required.
11. The processes outlined above would not be applicable to situations where LHBs enter into contracts which are the consequence of an annual commissioning paper that is approved by the Minister before contracting arrangements are made; e.g. NLIAH contracts with Universities for non-medical education.
12. For volume estimate contracts, the criteria of whether the £1million level will be exceeded should be based upon the original estimates for the letting of the contract.
13. For contracts with an option to extend, if the exercise of the option would take the value of the contract over £1million, application for consent should be made at the point consideration is being given to exercising the option.
14. Within the application for consent explanation is sought for Private Sector Procurement Rationale, this is the explanation as to why the goods / services were sought from private sector, rather than in-house NHS delivery. The purpose of this section is to explain what options were considered including in-house delivery and reasons for private sector procurement e.g. value for money, service quality, capacity etc. The degree of detail required here will range dependent upon the goods or services being procured. If the contract is for the provision of goods which can only be bought from the private sector the rationale for private sector procurement is straightforward – as the only source of the goods is the private sector. If the contract is for example for the provision of homecare services, or services that may historically have been delivered by frontline healthcare professionals, or in a hospital / clinic setting, a more detailed explanation will be required setting out what options were considered for delivery within the NHS, and the improved outcomes (quality, cost, value) achieved by private sector procurement. If such a contract is being pursued under a strategy or policy direction this should be cited in the rationale.
15. If, once a contract exceeding £1million is awarded, a challenge is raised on the contract, it is only necessary to seek Ministerial approval again if the challenge results in changes to the contract i.e. the contract would not be awarded in accordance with the Ministerial approval originally received.

Appendix 4 - How to provide monitoring information for contracts exceeding £500,000 up to £1million

1. If the LHB decides that they wish to enter into a contract that falls below the Ministerial consent threshold, and is not pursuant to their direct statutory powers, information for all such proposed contracts with a value exceeding £500,000 up to £1million will be required. The LHB must complete the notification form provided with this guidance, (not the application for consent form), and submit it along with relevant supporting documentation via e-mail to Kim.Jenkins@wales.gsi.gov.uk cc'd to Mary.Swiffen-Walker@wales.gsi.gov.uk
2. As an aid to determining whether the contract requires the consent of the Welsh Ministers a decision tree is provided at Appendix 1 covering different contractual arrangements and their treatment. Any queries at this stage as to whether approval is needed should be directed to Kim.Jenkins@wales.gsi.gov.uk cc'd to Mary.Swiffen-Walker@wales.gsi.gov.uk
3. To ensure timely review, Welsh Government requires provision of this summary information at least 8 working days prior to the intended date of contract letting. There may be occasions when it is not possible to adhere to this timescale, officials will endeavour to respond quickly and promptly in these cases to ensure no unnecessary delay arises.
4. No formal notification will be provided to LHBs that the Minister has noted the contract. Once the notification has been provided the procurement procedure should progress. Officials will notify applicant LHBs of any queries or Ministerial requests if they arise from the Ministers' consideration of the contract.
5. Explanation of detail required:
 - a. Contract Title – name by which contract is generally referred to
 - b. Contract reference – reference to uniquely identify contract
 - c. Purpose of the contract – why the contract is being entered into
 - d. Contract description – description of goods or services or property covered by the contract
 - e. Rationale for private sector procurement – explanation as to why the goods / services were sought from private sector, rather than in-house NHS delivery. The purpose of this section is to explain what options were considered including in-house delivery and reasons for private sector procurement e.g. value for money, service quality, capacity etc.

The degree of detail required here will range dependent upon the goods or services being procured. If the contract is for the provision of goods which can only be bought from the private sector the rationale for private sector procurement is straightforward – as the only source of the goods is the private sector.

If the contract is for the provision of Healthcare at Home services, or services that may historically have been delivered by frontline healthcare professionals, or in a hospital / clinic setting, a more detailed explanation will be required setting out what options were considered for delivery within the NHS, and the improved outcomes (

quality, cost, value) achieved by private sector procurement. If such a contract is being pursued under a strategy or policy direction this should be cited in the rationale.

- f. Contractor details – details of the contractor(s) to whom the contract has been awarded, if a framework contract, information by lot of successful contractor(s)
- g. Contract value – Total value and annual value
- h. OJEU Requirements – Description of OJEU requirement and compliance
- i. Contract duration – Length of contract being entered into, start date & end date, and details of any option to extend
- j. Confirmation of Funding Stream – Description of funding source
- k. Identified Risks – Key contract risks

6. This process does not apply to All Wales Capital Programme contracts, as the application, business case and approvals process for such activity already encompasses Welsh Ministers approval.

7. These processes do not apply to situations where NHS Wales bodies access services which have been contracted for by a third party body e.g. Value Wales, NHS Supply Chain. In these situations NHS Wales is not the contracting body. However, if under such arrangements an LHB enters into a contract with a supplier for specified goods or services, this would be subject to the processes outlined above. See examples below for clarification:

- a. If an LHB were to access a Value Wales office supplies contract for standard office supplies exceeding £1million this would not require Ministerial consent.
- b. However, if under an NHS Supply Chain contract for consultancy services a specific consultancy project was scoped and tendered via mini-competition under the Framework, and a contract entered into between the LHB and successful supplier for more than £1million, Ministerial consent would be required.

8. The processes outlined above would not be applicable to situations where LHBs enter into contracts which are the consequence of an annual commissioning paper that is approved by the Minister before contracting arrangements are made e.g. NLIAH contracts with Universities for non-medical education.

9. Framework contracts. This information should be provided for the tender and letting of overall framework contracts with a value exceeding £500,000 up to £1million

Appendix 5 - How to provide monitoring information for contracts exceeding £250,000 up to £500,000

1. If the LHB decides that they wish to enter into a contract that falls below the Ministerial consent threshold, and is not pursuant to their direct statutory powers, information for all such proposed contracts with a value exceeding £250,000 up to £500,000 will be required. Procurement services will collate from individual LHBs the details required and complete the summary details form provided with this guidance and submit it via e-mail to Kim.Jenkins@wales.gsi.gov.uk cc'd to Mary.Swiffen-Walker@wales.gsi.gov.uk
2. As an aid to determining whether the contract requires the consent of the Welsh Ministers a decision tree is provided at Appendix 1 covering different contractual arrangements and their treatment. Any queries at this stage as to whether approval is needed should be directed to Kim.Jenkins@wales.gsi.gov.uk cc'd to Mary.Swiffen-Walker@wales.gsi.gov.uk
3. The form should cover all relevant contracts let in the 6 months preceding the due date.
4. Explanation of detail required:
 - a. Contract Title – name by which contract is generally referred to
 - b. Contract reference – reference to uniquely identify contract
 - c. Contract description – description of goods or services or property covered by the contract
 - d. Contract value – Total value and annual value
 - e. Contract duration – Length of contract being entered into, start date & end date, and detail of any option to extend
 - f. Contractor details – details of the contractor(s) to whom the contract has been awarded, if a framework contract, information by lot of successful contractor(s)
5. This process does not apply to All Wales Capital Programme contracts, as the application, business case and approvals process for such activity already encompasses Welsh Ministers approval.
6. These processes do not apply to situations where NHS Wales bodies access services which have been contracted for by a third party body e.g. Value Wales, NHS Supply Chain. In these situations NHS Wales is not the contracting body. However, if under such arrangements an LHB enters into a contract with a supplier for specified goods or services, this would be subject to the processes outlined above. See examples below for clarification:
 - a. If an LHB were to access a Value Wales office supplies contract for standard office supplies exceeding £1million this would not require Ministerial consent.
 - b. However, if under an NHS Supply Chain contract for consultancy services a specific consultancy project was scoped and tendered via mini-competition under the Framework, and a contract entered into between the LHB and successful supplier for more than £1million, Ministerial consent would be required.
7. The processes outlined above would not be applicable to situations where LHBs enter into contracts which are the consequence of an annual commissioning paper that is approved

by the Minister before contracting arrangements are made: e.g. NLIAH contracts with Universities for non-medical education.

8. Framework contracts. This information should be provided for the tender and letting of overall framework contracts with a value exceeding £250,000 up to £500,000. It will not be necessary to provide this information for subsequent individual contracts entered into under a Framework if exceeding £250,000.

Appendix 6 - Procurement Services Contracting Briefing Paper

Contract Details

Contract Title:	
Contract Duration:	
Contract Date:	
Estimated Annual Value:	
Estimated Total Value:	
Responsible Contracts Officer:	
Lead Body LHB or Trust:	
Contracts Officer Contact Details:	E-mail address & phone number

Contract Overview

Snap shot from contract plan

Market Research

Summarise information from contract plan to include:

Market research

Other UK Practice

Benchmarking

Themes of SRA

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none">	<ul style="list-style-type: none">
Opportunities	Threats
<ul style="list-style-type: none">	<ul style="list-style-type: none">

Private Sector Procurement Rationale

This is the explanation as to why the goods / services were sought from private sector, rather than in-house NHS delivery. The purpose of this section is to explain what options were considered including in-house delivery and reasons for private sector procurement e.g. value for money, service quality, capacity etc.

The degree of detail required here will range dependent upon the goods or services being procured. If the contract is for the provision of goods which can only be bought from the private sector the rationale for private sector procurement is straightforward – as the only source of the goods is the private sector.

If the contract is for example for the provision of homecare services, or services that may historically have been delivered by frontline healthcare professionals, or in a hospital / clinic setting, a more detailed explanation will be required setting out what options were considered for delivery within the NHS, and the improved outcomes (quality, cost, value) achieved by private sector procurement. If such a contract is being pursued under a strategy or policy direction this should be cited in the rationale.

Contract Analysis / Proposal

Provide details of contract strategy

Pricing strategy

Expected benefits - Savings / Standardisation / price containment

Contract Proposal

1. **Tender Type**
2. **Term of the Contract**
3. **Supplier Selection**
4. **Award Criteria**
5. **Timeframes**

Provide indication of key dates

Contracting Stage	Anticipated Date/Timescales	Responsibility
Briefing paper / Estimates return		
OJEU/PQQ Issue		
Supplier Selection Shortlist		
Tender Return		
Evaluation		
Ratifications Out / Return		
Publish Award		
Contract Start		

Contract Management

Communications

ACCEPTANCE

Please confirm your acceptance to participate in this procurement and your agreement to the proposal either by e-mail or by signing and returning this briefing paper.

Prepared by: _____ Date: _____

Contract briefing presented/
circulated to: _____ Date: _____

Response required by date: _____

Trust agreement to participate:

Trust: _____
Trust decision maker: _____
Agreement to proceed
(if different from above): _____
Date: _____

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For Welsh Government Use Only	
Date Received:	
Reference Number:	
Acknowledgement sent:	
Date complete information received:	

Appendix 7 LHB Application Form to Gain Consent from the Welsh Ministers to Enter into Contracts over £1 million

Local Health Board:			
Contact Name:		Position Held:	
Address:			
Contact Telephone No:		E-mail:	
Contract Title & Reference:			
Purpose of the Contract:			
Contract Description:			
Rationale for Private Sector Procurement:			
Legal Advice Confirmed Consent from Welsh Ministers is Required:	Yes / No		
If Legal Advice Does Not State Consent is Required, Please Give Reasons Why Consent is Being Sought:			
Name(s) of the Contractor(s) (Parties to the contract):			
What is included in the Contract (Goods / Services / Property):			
Total Value of the Initial Contract Period (not including any extension options)			
Total Value of Potential Contract			

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including all Extension Options	
Annual Value of Contract:	
Indicate financial impact of new agreement (e.g. Cost savings/cost increase/cost neutral)	
OJEU Requirements Satisfied:	Yes / No
If OJEU Requirements Not Satisfied, Please Give Reasons:	
Duration of the Contract including details of option to extend, start & finish dates:	
Confirmation of Funding Stream:	
Identified Risks:	
Any Other Relevant Information: <i>(Date of initial Contract Briefing Paper to be included here)</i>	

Documents Included in this Application (please tick all that you are including; there are blank spaces left for you to list any other documents you are including with this application):

* Board Papers ¹ :		Memorandum of Sale ^{2&3} :		Invoice ^{2&3} :		Documented Quote:	

* These documents must be provided for all applications for consent

1. Board or equivalent papers from appropriate corporate governance group responsible for the endorsement of the contract, confirming they endorse the proposed contract. This could include contract adjudication minutes and approval process.

2. For contracts relating to the acquisition and disposal of land

3. For contracts relating to the acquisition and disposal of land

I certify that the information given above is accurate; I also certify that all relevant documentation relating to this application for consent from the Welsh Ministers to enter into a contract is enclosed with this application; I understand that failure to include adequate information and/or relevant documentation will result in the application being returned to the Local Health Board and not considered further until the relevant information is provided. I also certify that I am content that correct procedure for letting contracts has been followed within the Local Health Board; that all necessary expert advice has been obtained; and that due diligence has been demonstrated.

Name:

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Position Held:

Signature:

Date:

NB: LHBs will be formally notified when consent has been given, and they should not “assume consent” if a response has not been received from the Welsh Government

For Welsh Government Use Only	
Date Received:	
Reference Number:	
Acknowledgement sent:	

Appendix 8 LHB Notification to the Welsh Ministers of Contracts between £500,000 < £1 million

Local Health Board:			
Contact Name:		Position Held:	
Address:			
Contact Telephone No:		E-mail:	
Contract Title & Reference			
Purpose of the Contract:			
Contract Description:			
Rationale for Private Sector Procurement:			
Name(s) of the Contractor(s) (Parties to the contract):			
What is Included in the Contract (Goods / Services / Property):			
Total Value of the Contract (Consideration) – <i>if an option to extend provide for basic contract period and cost for option periods:</i>			
Annual Value of the Contract:			
OJEU Requirements Satisfied:	Yes / No		
If OJEU Requirements Not Satisfied, Please Give Reasons:			
Duration of the Contract, including any option to extend, start & finish dates:			

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Confirmation of Funding Stream:	
Identified Risks:	
Any Other Relevant Information:	

Documents Included in this Application (please tick all that you are including; there are blank spaces left for you to list any other documents you are including with this application):

* Board Papers ¹		Memorandum of Sale ² :		Invoice ³ :		Documented Quote:	

* These documents must be provided for all notifications

1. Board or equivalent papers from appropriate corporate governance group responsible for the endorsement of the contract, confirming they endorse the proposed contract. This could include contract adjudication minutes and approval process.

2. For contracts relating to the acquisition and disposal of land

3. For contracts relating to the acquisition and disposal of land

I certify that the information given above is accurate; I also certify that all relevant documentation relating to this notification to the Welsh Ministers of intent to enter into a contract is enclosed with this application; I understand that failure to include adequate information and/or relevant documentation may lead to further requests for information and could therefore delay the process or result in the notification being returned to the Local Health Board and not considered further until the relevant information is provided. I also certify that I am content that correct procedure for letting contracts has been followed within the LHB; that all necessary expert advice has been obtained; and that due diligence has been demonstrated.

Name:

Position Held:

Signature:

Date:

Appendix 9 LHB Notification to Welsh Ministers of Contracts > £250,000 and < £500,000 that have been let in the last 6 months

Local Health Board:		Period:			
Contact Name:		Position Held:			
Address:					
Contact Telephone No:		E-mail:			
Contract Title	Reference	Contract Description	Total Value (for main contract duration and any option to extend) / Annual Value £'s	Duration (including Start / Finish Dates & extension options)	Contractor(s) Details

I certify that the information given above is accurate. I also certify that I am content that the correct procedure for letting contracts has been followed within the LHB: that all necessary expert advice has been obtained; and that due diligence has been demonstrated.

Name:

Position Held:

Signature:

Date:

SCHEDULE 3 – LOSSES & SPECIAL PAYMENTS

Delegated Limits (NB All the amounts listed exclusive of VAT)	Health Board Limit	Board	Audit Committee	Chief Executive/ Deputy	Executive Directors	Assistant Directors £
	£	£	£	£	£	
1.LOSSES OF CASH DUE TO:-						
a) Theft, Fraud etc	50,000		50,000			
b)Overpayment of Salaries, Wages , Fees and Allowances	50,000		50,000		2,500 ²	500 ³
c) Other causes , including un-vouched or completely vouched payments, overpayments other than those included un 1b;physical losses of cash and cash equivalents e.g. stamps due fire (other than arson), accident and similar cause	50,000		50,000			
2. FRUITLESS PAYMENTS (including abandoned capital schemes)	250,000	250,000				
3. BAD DEBTS AND CLAIMS ABANDONED:-						
a) Private Patients	50,000			50,000	5,000	
b)Overseas Visitors	50,000			50,000	5,000	
c) Causes other than a) - b)	50,000			50,000	5,000	
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, arson or sabotage whether proved or suspected, neglect of duty or gross	50,000	50,000				

2 Director of Finance only

3 Assistant Director of Finance (Corporate) only

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Delegated Limits (NB All the amounts listed exclusive of VAT)	Health Board Limit	Board	Audit Committee	Chief Executive/ Deputy	Executive Directors	Assistant Directors £
	£	£	£	£	£	
carelessness						
b) Other causes	50,000	50,000				
5. COMPENSATION PAYMENTS UNDER LEGAL OBLIGATION	Full*	Full		250,000	100,000	75,000 ⁴
6.EXTRA CONTRACTUAL PAYMENTS TO CONTRACTORS	50,000	50,000				
7.EX GRATIA PAYMENTS						
a)To patients and staff for loss of personal effects	50,000			50,000	5,000 ⁵	
b) For Clinical Negligence (negotiated settlements following legal advice) where the guidance relating to such payments has been applied.	1,000,000* (Incl. Plaintiff Costs)	>500,000 – 1M		500,000	250,000	75,000 ⁶
c)For Personal Injury claims involving negligence where legal advice obtained and relevant guidance has been applied	1,000,000* (Incl. Plaintiff Costs)	>500,000 – 1M		500,000	250,000	75,000 ⁷
d)Other clinical negligence and personal injury claims	50,000*			50,000		
e)Other, except cases of maladministration where there was no financial loss by the claimant	50,000			50,000		
f) Maladministration where no financial loss of claimant	Nil					
g)Patient referrals outside UK and EEA guidelines	Nil					

4 Assistant Director of Nursing

5 Director of Finance (below £5000 is as set out within FCP 17 Disposals and Condemnations, Losses & Special Payments)

6 Assistant Director of Nursing

7 Assistant Director of Nursing

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Delegated Limits (NB All the amounts listed exclusive of VAT)	Health Board Limit	Board	Audit Committee	Chief Executive/ Deputy	Executive Directors	Assistant Directors £
	£	£	£	£	£	
8.EXTRA STATUTORY AND EXTRA REGULATORY FAMILY PRACTITIONER SERVICES	Nil					
9.LOSSES DUE TO:-						
a)Overpayments to practitioners of fees, allowances or salary						
i. Involving fraud	1,000		1,000			
ii. Other	1,000		1,000			
b) Un- vouched or incompletely vouched payments	1,000		1,000			
10.LOSSES DUE TO CLAIMS ABANDONED	1,000					
<u>SPECIAL PAYMENTS</u>						
11.EX GRATIA PAYMENTS	1,000				1,000	
12.EXTRA STATUTORY AND EXTRA REGULATORY PAYMENTS						
a) <u>To chemist contractors for drugs supplied in good faith in respect of forged, etc, prescription forms</u>	1,000				1,000	
b) <u>Excusal of statutory charges for replacement dentures in certain circumstances</u>	Up to appropriate maximum statutory charge				Up to appropriate maximum statutory charge	
c) <u>Other</u>	Nil				Nil	
13.LOSSES:FRAUD CASES UNDER INVESTIGATION						
a) <u>Losses in cases investigated by the LHB in respect of</u>	1,000				1,000	

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Delegated Limits (NB All the amounts listed exclusive of VAT)	Health Board Limit	Board	Audit Committee	Chief Executive/ Deputy	Executive Directors	Assistant Directors £
	£	£	£	£	£	
<u>prescription fraud</u>						
<u>b) Losses in cases investigated by the LHB in respect of dental fraud</u>	1,000				1,000	
<u>c) Losses in cases investigated by the LHB in respect of ophthalmic fraud</u>	1,000				1,000	

* For all clinical negligence and personal injury cases (including court cases) the use of structured settlements should be considered for any settlement (exclusive of legal costs) involving costs to the NHS of £250,000 or more, or for lower awards when this represents good value for money. All structured settlements require approval from the WAG [WHC (97) 7 refers]

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