



## **STANDING FINANCIAL INSTRUCTIONS**

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## Foreword

**Lindsey Lodge Hospice** became an incorporated legal entity on 8<sup>th</sup> September 1989 and is structured as a company limited by guarantee and not holding a share capital.

The Memorandum of Association in respect of Lindsey Lodge sets out the company's core objects and its main legal purpose – this document was constructed on 8<sup>th</sup> November 1989 and is lodged at Companies House.

The Articles of Association provides definition as to how Lindsey Lodge undertakes the core objectives set out in the Memorandum of Association and provides a regulatory framework as to how the Hospice conducts its business – revisions to the original Articles have been prepared in order to better reflect current internal governance structures.

The Hospice Standing Financial Instructions (SFIs) set out within this document provide greater definition as to the internal financial governance structure which the Hospice adheres to in order to discharges its core objectives and to protect the resources it holds.

This policy fulfils the dual role of protecting the Hospices interests and protecting Trustees, and the officers acting on their behalf, from any possible accusation that they have acted less than properly in the conduct of their duties. The SFIs are designed to ensure that all financial transactions undertaken within the Hospice are carried out in accordance with the law and any relevant guidance from the Independent Regulator in order to achieve probity, accuracy, economy, efficiency and effectiveness.

In addition to the documents set out above, the Hospice operates the following financial governance policies which cover specific areas of Hospice business:

<b>Supporting Financial Governance policies and procedures</b>	
<b>Title of policy/procedure</b>	<b>Purpose</b>
Scheme of Delegation	<ul style="list-style-type: none"><li>• Sets out how/who is able to make financial commitments on behalf of the Hospice and to what extent this applies</li></ul>
Treasury Management and Investment Policy	<ul style="list-style-type: none"><li>• Sets out the framework by which cash resources held by the Hospice are invested in order to maximise returns whilst safeguarding the interests of the Hospice</li></ul>

## 1. General Introduction

- 1.1 These SFIs set out the financial responsibilities, policies and procedures to be adopted by the Hospice and are designed to ensure that its financial transactions are carried out in accordance with the law in order to achieve probity, accuracy, economy, efficiency and effectiveness. They form a key part of the Hospice's overall governance structure set out in the Foreword to this document.
- 1.2 The financial responsibilities set out below apply to everyone working for the Hospice. They do not provide detailed procedural advice in all areas and the SFIs should therefore be read in conjunction with the relevant detailed departmental and financial policies and procedure notes.
- 1.3 Should any difficulties arise regarding the interpretation or application of any of the SFIs, then the advice of the Hospice Chief Executive must be sought before acting. Failure to comply with SFIs is a disciplinary matter that could result in dismissal. If for any reason these SFIs are not complied with, full details of the non-compliance and justification for non-compliance shall be reported to the Chief Executive or Finance Manager and escalated to the Audit Committee as appropriate.

## 2. Interpretation and terminology

<b>Board of Trustees</b>	the ultimate forum for decision making and governance oversight
<b>Trustee</b>	a member of the Board with the equivalent responsibility as company director
<b>Chief Executive</b>	the post with ultimate delegated power from the Board of Trustees and accountable officer
<b>Finance Manager</b>	the post-holder responsible for the construction of accounts and their timely reporting to the Board and delegated sub-committee
<b>Finance &amp; Business Development Committee</b>	the sub-committee of the Board which has responsibility for financial oversight incorporating the responsibility of Audit Committee. References to Audit Committee within the SFIs will therefore relate to the Finance & Business Development Committee.

## 3. Responsibilities and Delegation

- 3.1 The Memorandum and Articles of Association set out that the Hospice's ultimate governance body is the **Board of Trustees**. The membership, individual powers and responsibilities of that body are set out in those documents. The Board of Trustees have resolved that certain powers and decisions may only be exercised by that body in formal session. These are set out in the 'Reservation of Powers to the Board' contained within the Hospice Scheme of Delegation document.
- 3.2 The **Board of Trustees** exercises financial supervision and control by:
- (a) formulating the financial strategy;
  - (b) requiring the submission and approval of budgets within an approved financial plan;
  - (c) defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money); and
  - (d) defining those responsibilities placed on directors and employees as indicated in the Scheme of Delegation document containing the powers of delegation and reservations as the Hospice has established.
- 3.3 The **Chief Executive** has overall executive responsibility for the Hospice's activities, is responsible to the Board of Trustees for ensuring that its financial obligations and targets are met and has overall responsibility for the Hospice's system of internal control. The Chief Executive will, as far as possible, delegate certain individual responsibilities but does remain ultimately accountable for financial control.

3.4 It is a duty of the Chief Executive to ensure that directors, officers and all new appointees are notified of and understand their responsibilities within these SFIs.

3.5 The **Finance Manager** is responsible for:

- (a) these SFIs and ensuring that they are appropriate and up to date;
- (b) implementing the Hospice's financial policies and for co-ordinating any corrective action necessary to further these policies;
- (c) 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 SFIs;
- (d) ensuring that sufficient records are maintained to show and explain the Hospice's transactions in order to disclose, with reasonable accuracy, the financial position of the Hospice at any time; and
  - i. the provision of advice on financial matters to the Hospice and its trustees and employees;
  - ii. the design, implementation and supervision of systems of internal financial control which ensures the separation of powers both within and external to the finance department to minimise the potential or opportunity for fraud or misuse of funds;
  - iii. the preparation and maintenance of such accounts, certificates, estimates, records and reports as the Hospice may require for the purpose of carrying out its duties.

3.6 All **Directors and Officers** are responsible for:

- (a) the security of the Hospice property and resources;
- (b) avoiding loss;
- (c) exercising economy and efficiency in the use of resources; and

#### 4. **Annual Accounts and Report**

4.1 The Hospice's audited Annual Accounts will be presented to the Board of Trustees following formal adoption and approval by the Hospice Finance & Business Development Committee.

4.2 The Hospice will also prepare an annual report which sets out:

- (a) the extent to which the Hospice met its objectives in the preceding year
- (b) performance against the range of finance, fundraising, patient access & experience standards and quality targets which were agreed by the Board of Trustees at the commencement of the year
- (c) the core aims and objectives of the Hospice for the forthcoming year

4.3 Both reports will be completed in readiness for the formal adoption and approval by the Board of Trustees by no later than 31<sup>st</sup> July of each year.

4.4 The Hospice's Annual Accounts will be prepared by no later than 31<sup>st</sup> May and an audited version completed no later than 30<sup>th</sup> June prior to the formal adoption of the Finance & Business Development Committee. It is the responsibility of the Finance Manager to ensure that the information, accounting statements and other financial supporting information is accurate, timely and complete.

#### 5. **Business Planning, Budgets, Budgetary Planning and Monitoring**

5.1 Prior to the commencement of the financial year, the Finance Manager will, on behalf of the Chief Executive, prepare and submit annual budgets for approval by the Board of Trustees. Such budgets will:

- (a) be in accordance with the aims and objectives set out by the Chief Executive;

- (b) detail the anticipated workforce and manpower plans needed to deliver the aims and objectives;
  - (c) be produced following discussion with appropriate budget holders;
  - (d) be prepared within the limits of anticipated income available to the Hospice during the that financial year and beyond;
  - (e) set out in detail the income assumptions used in order to fund the budgeted level of expenditure and, in doing so, outline the specific dependences and expectations of the Hospice's fundraising and retail operations and its reliance on NHS income support via CCGs;
  - (f) outline the immediate and medium term implications of the Hospice cash and investment funds;
  - (g) identify potential risks;
  - (h) be based on reasonable and realistic assumptions
- 5.2 The Finance Manager shall monitor financial performance against all financial aspects relating to the annual budget. The mechanisms for doing so are set out in section seven below and it is anticipated that these reports are presented to the Hospice Chief Executive monthly by the 8<sup>th</sup> working day of the month.
- 5.3 The responsibility for monitoring performance against activity, access and other performance targets is discharged by the Director of Nursing & Patient Service on behalf of the Chief Executive. Performance reports shall be presented to the Board of Trustees not less frequently than quarterly.
- 5.4 The Finance Manager has a responsibility to ensure that adequate financial training is delivered on an on-going basis to budget holders to help them manage the resources allocated to them under the terms of the Scheme of Delegation.
- 6. Budgetary Delegation**
- 6.1 The Chief Executive, supported by the Finance Manager, will ensure that budgetary responsibility within the Hospice is operated in accordance with the Scheme of Delegation. It is a clear expectation of the budgetary control process that all delegated budget holders must not exceed the full financial year's budgetary totals limits set out within the Annual Budget adopted by the Board of Trustees; unless additional spend has been authorised by the Hospice Finance & Business Development Committee.
- 6.2 It is the responsibility of the Finance Manager to highlight to the Chief Executive any delegated budget which is, or is likely, to exceed the full financial year's allocation sum set out in the Annual Budget, which should be highlighted in the monthly budgetary statement where the risk has been first reported.
- 6.3 The Chief Executive, on the advice of the Finance Manager, may delegate the management of a budget to permit the performance of a defined range of activities. 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 and group responsibilities;
  - (d) authority to exercise virement;
  - (e) achievement of planned levels of service; and
  - (f) the provision of regular reports.
- 6.4 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.
- 6.5 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive.

6.6 Each Budget Holder is responsible for ensuring that:

- (a) any likely overspending or reduction of income against full financial year's budgetary totals limits, which cannot be met by virement is not incurred without the prior written consent of the Finance Manager or authorised by the Hospice Finance & Business Development Committee, where applicable.
- (b) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised in writing subject to the rules of virement;
- (c) no permanent officers are appointed without the approval of the Chief Executive other than those provided for by the pay budget as approved by the Board of Directors; and
- (d) the systems of budgetary control established by the Finance Manager are complied with fully.

6.7 The Chief Executive and the Director of Business Development are responsible for identifying and implementing cost improvements and income generation initiatives in accordance with the requirements of the annual budget.

## 7. **Budgetary Control and Financial Reporting**

7.1 The Finance Manager will devise and maintain systems of budgetary control and financial reporting. These will include:

- (a) monthly financial reports to the Chief Executive, in a form approved by the Hospice Finance & Business Development Committee, containing:
  - i. income and expenditure to date, showing trends and forecast year-end position;
  - ii. summary statement of cash flow and forecast year-end position;
  - iii. summary statement of financial position;
  - iv. movements in working capital;
  - v. summary financial performance of the Hospice's retail and fundraising functions;
  - vi. explanations of any material variances that explain any movement from the planned retained surplus/deficit at the end of the current month position;
  - vii. details of any corrective action required and the Chief Executive's and/or Finance Manager's view of whether such action is sufficient to correct the situation.
- (b) the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;
- (c) investigation and reporting of variances from financial, workload and manpower budgets;
- (d) monitoring of management action to correct variances; and
- (e) arrangements for the authorisation of virement or other internal budget transfers.

7.2 It is expected that financial reports shall be submitted to the Chief Executive by the 8<sup>th</sup> working day of each month. The Finance Manager shall keep the Chief Executive, the Finance & Business Development Committee and the Board of Trustees informed of the financial consequences of changes in policy, pay awards and other events and trends affecting budgets and shall advise on the financial and economic aspects of future plans and projects.

7.3 The Director of Business Development shall be responsible on behalf of the Chief Executive for the financial performance of the Hospice's retail operations and the individual retail units therein. The Finance Manager will submit, as part of the monthly financial reporting process financial performance reports of the overall function and the individual units with a forecast as to whether the total income target set out within the Annual Budget is expected to be achieved.

- 7.4 It is the responsibility of the Director of Business Development to advise the Chief Executive and the Board of Trustees as to any corrective actions necessary to achieve the agreed income target of the retail function.
- 7.5 The Director of Business Development shall also be responsible on behalf of the Chief Executive for the financial performance of the Hospice's fundraising function. The Finance Manager will submit, as part of the monthly financial reporting process financial performance reports of the overall function with a forecast as to whether the total income target set out within the Annual Budget is expected to be achieved.
- 7.6 It is the responsibility of the Director of Business Development to advise the Chief Executive and the Board of Trustees as to any corrective actions necessary to achieve the agreed income target of the fundraising function.
- 7.7 The Hospice Finance & Business Development Committee will receive a regular summary report of the Hospice's financial performance in a format set by the Group. The report will contain details of the reasons for any variance to the Annual Budget, a forecast of expected year end performance and an outline of any corrective actions necessary to meet the approved budget.

## **8. Audit and Counter Fraud**

### **Role of Audit Committee**

- 8.1 The Hospice Finance & Business Development Committee shall perform the duties of the Audit Committee on behalf of the Board of Trustees. The Board of Trustees will ensure that the terms of reference of the committee are periodically reviewed and refreshed in order to ensure that the full scope of duties an audit committee is required to perform are undertaken.
- 8.2 The Board of Trustees shall satisfy itself that at least one member of the Finance & Business Development Committee has recent and relevant financial experience.
- 8.3 The Audit Committee will provide an independent and objective view of internal control by:
- (a) overseeing audit arrangements, including audit plans for both internal and external audit services;
  - (b) reviewing financial information and systems and monitoring the integrity of the financial statements and reviewing significant reporting judgements, including the draft Annual Accounts;
  - (c) reviewing the establishment and maintenance of an effective system of governance, risk management and internal control across the whole of the Hospice's activities;
  - (d) reviewing schedules of write-offs and Losses and Compensations on behalf of the Board and reviewing all occasions on which the Board waives standing orders;
  - (e) ensuring that agreed actions and recommendations arising out of internal and external audit reports are appropriately progressed;
  - (f) monitoring compliance with all aspect of the financial governance policy structure;
  - (g) reviewing the work of other committees and other significant assurance providers, where relevant and appropriate;
  - (h) overseeing counter fraud arrangements.
- 8.4 The Audit Committee shall make a recommendation to the Board of Trustees with respect to the re-appointment of the Hospice's auditors. The Hospice will review the appointment of both internal and external auditors at least once every five years.
- 8.5 Where the Audit Committee feel there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wishes to raise, the Chair of the Audit Committee should raise the matter at a full meeting of the Board of Trustees.

### **Role of External Audit**

- 8.6 It is the responsibility of the External Auditors to ensure that the Annual Accounts presented to the Board of Trustees represent a true and fair view of the Hospice's financial governance position.
- 8.7 If the External Auditor detect, or suspect the existence, of fraud or misreporting it is their responsibility to highlight this to the Chair of the Audit Committee as soon as they believe this has occurred.
- 8.8 The Board of Trustees, advised by the Chair of the Audit Committee, must ensure that the External Auditor meets the necessary professional standards and provides a cost-efficient service to the Hospice.

### **Role of Internal Audit**

- 8.9 Internal Audit provides an independent and objective opinion to the Chief Executive, the Audit Committee and the Board on the degree to which risk management, control and governance arrangements support the effective operation of the Hospice. Internal Audit will, in accordance with recognised professional best practice, review, evaluate and report upon:
- (a) the effectiveness of the Hospice's operations and the management of the risks associated with those operations;
  - (b) the extent of compliance with, and the financial effect of or risk associated with, relevant established policies, plans, procedures, laws and regulations;
  - (c) the adequacy and application of financial and other related management controls;
  - (d) the suitability and effective usage of financial and other related management information and data, including internal and external reporting and accountability processes;
- 8.10 The Chief Executive and the Chair of the Audit Committee will jointly ensure that the Hospice has access to Internal Audit services in order to perform the above responsibilities.

### **Fraud and Corruption**

- 8.11 The Finance Manager is responsible for providing detailed procedures to enable the Hospice to minimise and, where possible, to eliminate fraud and corruption.
- 8.12 It is expected that all officers shall act with the utmost integrity, ensuring adherence to all relevant regulations and procedures. It is the responsibility of the Finance Manager to produce and issue these regulations and procedures to the appropriate Directors and Managers who should ensure that all staff have access to these.
- 8.13 Both the Chair of the Audit Committee and Chief Executive shall be informed of all suspected, alleged or detected fraud so that they can consider the adequacy of the relevant controls and evaluate the implication of fraud for their opinion on the system of risk management, control and governance.
- 8.14 Any officer discovering or suspecting fraud and/or corruption must inform the Chief Executive or, where appropriate, the Chair of the Audit Committee without delay.

## **9. Capital Expenditure**

- 9.1 The general rules applying to delegation and reporting shall also apply to capital expenditure.
- 9.2 The preparation of the annual budget referred to in paragraph 5.1 above will make provision for all capital expenditure which the Hospice expects to incur during the course of the year. Provided appropriate provision has been made and the budget approved by the Board of Trustees authorisation of expenditure when incurred is the responsibility of the Chief Executive.
- 9.3 If the Hospice is required to incur capital expenditure during the course of the year where provision has not been previously incorporated in the annual budget prior authorisation has to be made by the Finance & Business Development Committee.

## 10. **Contracts**

- 10.1 Where the Hospice enters into a relationship with another organisation for the supply or receipt of services – clinical or non-clinical – the responsible officer should ensure that an appropriate contract is in place and signed by both parties.
- 10.2 No officer shall enter into any form of contract on behalf of the Hospice unless they have specific authority to do so, in line with the Scheme of Delegation and relevant Hospice policies and procedures. This applies even if the contract has no obvious financial value attached to it.
- 10.3 Contracts should incorporate:
- (a) a description of the service and indicative activity levels;
  - (b) the term of the agreement;
  - (c) the value of the agreement;
  - (d) lead officers;
  - (e) performance and dispute resolution procedures (if appropriate); and
  - (f) risk management and governance arrangements (if appropriate).
- 10.4 Contracts should be reviewed and agreed on an annual basis or as determined by the term of the agreement so as to ensure value for money and to minimise any potential loss of income.

## 11. **Bank Accounts**

### **General**

- 11.1 The Finance Manager is responsible for managing the Hospice's banking arrangements and for advising the Hospice on the provision of banking services and operation of accounts. This will include:
- (a) all bank accounts;
  - (b) ensuring that payments made do not exceed the amount credited to the account except where arrangements have been made;
  - (c) reporting to the Hospice Finance & Business Development Committee all arrangements made with the Hospice's bankers for any accounts which are to be overdrawn (together with remedial action taken);
  - (d) monitoring compliance with HM Treasury guidance and any other relevant guidance on the level of cleared funds.
- 11.2 The Finance Manager will prepare detailed instructions on the operation of bank account which must include:
- (a) the conditions under which each bank account is to be operated;
  - (b) the limit to be applied to any overdraft; and
  - (c) those authorised to sign cheques or other orders drawn on the Hospice's accounts and the limitation on single signatory payments.
- 11.3 The Finance Manager must prepare detailed instructions on the investment policy in relation to the Hospice bank accounts – this will be set out in the Hospice Treasury Management and Investment Policy.
- 11.4 The Finance Manager will review the commercial banking arrangements of the Hospice at regular intervals to ensure that they reflect best practice and represent value for money by periodically reviewing

competitive bank rates. The results of such reviews will be reported to the Audit Committee and the Board of Trustees.

## **12. Income, Fees and Charges & Security of Cash, Cheques and Other Negotiable Instruments**

### **Income Systems**

- 12.1 The Finance Manager is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all income due to the Hospice. All such systems shall incorporate, where practicable, the principles of internal check and separation of duties.
- 12.2 The Finance Manager is also responsible for the prompt banking of all monies received by the Hospice.

### **Fees and Charges**

- 12.3 The Finance Manager is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health or by Statute. Independent professional advice on matters of valuation shall be taken as necessary.
- 12.4 All officers must inform the Finance Manager promptly of income due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.

### **Debt Recovery**

- 12.5 The Finance Manager is responsible for the appropriate recovery action on all outstanding debts. Outstanding debts will be reviewed periodically and follow up action taken, dependent upon the value of the debt and length of time outstanding.
- 12.6 Income not received after all attempts at recovery have failed should be dealt with in accordance with losses procedures set out below.
- 12.7 Overpayments should be detected (or preferably prevented) and recovery initiated.

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

- 12.8 All officers have a responsibility to ensure that any Hospice monies in their possession or under their responsibility are properly safeguarded and are held securely when not in use.
- 12.9 The Finance Manager and Director of Business Development are responsible for:
- (a) approving the form of all receipt books, donations forms, gift aid declarations, 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 the opening of coin operated machines and subsequent counting and recording of takings from coin operated machines; and
- 12.10 An official receipt will be made out for all cash receipts when requested, showing the type of remittance and the reasons for payment. Official money shall not under any circumstances be used for the encashment of private cheques or IOUs.
- 12.11 All cheques, postal orders, cash, etc. shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Finance Manager. The issue of petty cash cheques is acceptable providing full documentation is kept and recorded on the monthly petty cash journal records.
- 12.12 The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors

that the Hospice is not to be held liable for any loss and written indemnities must be obtained from the organisation or individuals absolving the Hospice from responsibility for any loss.

- 12.13 All unused cheques and other orders shall be subject to the same security precautions as are applied to cash.
- 12.14 Any loss or shortfall of cash, cheques or other negotiable instruments, however occasioned, shall be reported immediately in accordance with the agreed procedure for reporting losses set out below. Any loss or surplus of cash should be immediately reported to the Finance Manager.
- 12.15 All payments made on behalf of the Hospice to third parties should normally be made using the Bankers Automated Clearing System (BACS), or by crossed cheque and drawn in accordance with these instructions, except with the agreement of the Finance Manager as appropriate, who shall be satisfied about security arrangements. Uncrossed cheques shall be regarded as cash.
- 12.16 The Finance Manager, or nominated deputy, must ensure that all staff are informed on their appointment of their responsibilities and duties for the collection, handling or disbursement of cash, cheques, etc.

### **13. Terms of Service and Payment of Directors and Officers**

#### **Funded Establishment**

- 13.1 The workforce plans incorporated within the annual budget will form the funded establishment. The funded establishment of any department may not be varied without the approval of the Chief Executive or nominated officer authorised by them, as referred to in the Scheme of Delegation.
- 13.2 Each budget holder must operate within the agreed staffing establishment.

#### **Staff Appointments**

- 13.3 No officer may engage, re-engage or re-grade officers, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration unless:
  - (a) authorised to do so by the Chief Executive under the terms of the Hospice Scheme of Delegation; and
  - (b) such engagement, re-engagement or re-grade is within the limit of his/her approved pay budget and funded establishment.

#### **Processing of Payroll**

- 13.4 The Finance Manager is responsible for ensuring that the contractor who provides these services (currently NLG), undertakes the following :
  - (a) specifying timetables for submission of properly authorised time records and other notifications;
  - (b) making payment on agreed dates; and
  - (c) agreeing methods of payment.
- 13.5 The Finance Manager will issue instructions regarding:
  - (a) verification and documentation of payroll data;
  - (b) the timetable for receipt and preparation of payroll data and the payment of officers;
  - (c) maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
  - (d) security and confidentiality of payroll information;
  - (e) checks to be applied to completed payroll before and after payment;

- (f) authority to release payroll data under the provisions of the Data Protection Acts;
- (g) methods of payment available to various categories of officers;
- (h) procedures for payment by cheque, bank credit or cash to officers;
- (i) procedures for the recall of cheques and bank credits;
- (j) pay advances and their recovery;
- (k) the establishment of suitable arrangements for the collection of payroll deductions and payment of these to appropriate bodies;
- (l) maintenance of regular and independent reconciliation of pay control accounts;
- (m) separation of duties of preparing payroll records and handling cash;
- (n) a system for the effective and timely recovery of payroll overpayments from existing members of staff; and
- (o) a system to ensure the effective and timely recovery from leavers of sums of money and property due by them to the Hospice.

13.6 Appropriately nominated managers have delegated responsibility for:

- (a) submitting time records (whether paper or electronic) and other notifications in accordance with agreed timetables;
- (b) completing time records (whether paper or electronic) and other notifications in accordance with the Finance Manager's instructions and in the form prescribed by the Finance Manager; and
- (c) submitting termination forms in the prescribed form immediately upon knowing the effective date of an officer's resignation, termination or retirement, to ensure that overpayments to leavers do not occur. Where an officer fails to report for duty in circumstances that suggest they have left without notice, the Finance Manager must be informed immediately to consider appropriate action to prevent or recover any overpayment.

13.7 Regardless of the arrangements for providing the payroll service, the Finance Manager shall ensure that the chosen method is supported by appropriate (contracted) terms and conditions, robust internal controls and suitable audit review procedures.

#### **Contracts of Employment**

13.8 It is the responsibility of the Head of Human Resources for:

- (a) ensuring that all officers are issued with a contract of employment which complies with employment legislation; and
- (b) dealing with variations to, or termination of, contracts of employment.

#### **14. Non-Pay Expenditure**

##### **Delegation of Authority**

14.1 The Board of Trustees will approve the level of non-pay expenditure as part of the annual budget and the Chief Executive will determine the level of delegation to budget managers prior to the start of the financial year to which the budget relates.

14.2 The Chief Executive will set out in the Scheme of Delegation:

- (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.

### **Tendering and Quotations**

14.3 Wherever appropriate, the supply of goods and services shall be covered by a contract following a tender or quotation exercise.

14.4 The Finance Manager will:

- (a) advise the Board of Trustees regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained. Once approved into the Scheme of Delegation and regularly reviewed. These thresholds shall have effect as if incorporated into these SFIs; and
- (b) prepare procedural instructions on the obtaining of goods, works and services incorporating the approved thresholds.

### **Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services**

14.5 Any officer requisitioning goods or service shall always obtain the best value for money for the Hospice.

14.6 The Finance Manager shall be responsible for the prompt payment of all properly authorised accounts and claims. Payment of contract invoices shall be in accordance with contract terms or otherwise in accordance with national guidance.

14.7 In relation to supplies to and disposals by the Hospice, the Finance Manager will:

- (a) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
- i. A list of directors/officers (including specimens of their signatures) authorised to approve invoices for payment;
  - 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;
    - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
    - the account is arithmetically correct; and
    - the account is in order for payment.
  - iii. A timetable and system for submission to the Finance Manager of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment;
- (b) be responsible for ensuring that payment for goods and services is only made once the goods and services are received;
- (c) prepare and issue procedures regarding the treatment of Value Added Tax (VAT).

14.8 Purchasing cards may be operated in line with robust purchasing card procedures, as set out by the Finance Manager.

## **15. Stores and Receipt of Goods**

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

- (a) the asset replacement policy;
- (b) kept to a minimum;
- (c) subjected to annual stock takes; and
- (d) valued at the lower of cost and net realisable value.

15.2 The control of pharmaceutical stocks shall be the responsibility of a designated clinical manager.

15.3 The responsibility for security arrangements and the custody of keys for all stores and locations shall be clearly defined in writing by the designated manager. Wherever practicable, stocks should be marked as property of the Hospice.

## **16. Investments and Cash Flow**

16.1 The Finance Manager will be responsible for the management of the Hospice's cash flow and will report to the Chief Executive and the Chair of the Finance & Business Development Committee any material variation to the cash flow plan set out in the Annual Budget.

16.2 Any application for borrowing will only be made upon the approval of the Chief Executive. All such applications must be subsequently endorsed by the Board of Trustees.

16.3 Cash surpluses must be held only in such investments as approved by the Board of Trustees and within the terms of the approved Treasury Management and Investment Policy. The Finance Manager is responsible for advising the Board of Trustees on investment strategy and shall report periodically to the Board of Trustees concerning the performance of investments held. The Finance Manager will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

## **17. Asset Registers and Security of Assets**

17.1 The Finance Manager is responsible for the maintenance of registers of assets and for establishing clear procedures 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 once a year.

17.2 The overall control of all assets is the responsibility of the Chief Executive. Asset control procedures (including protected property, non-protected assets, cash, cheques and negotiable instruments and also including donated assets) must be approved by the Chief Executive. These procedures shall make provision for:

- (a) recording managerial responsibility for each asset;
- (b) identification of additions and disposals;
- (c) identification of all repair and maintenance expenses;
- (d) physical security of assets;
- (e) periodic verification of the existence of, condition of and title to assets recorded;
- (f) identification and reporting of all costs associated with the retention of an asset; and
- (g) the asset replacement policy.

17.3 All discrepancies revealed by verification of physical assets to the asset register shall be notified to the Chief Executive.

17.4 Whilst each officer has a responsibility for the security of Hospice property, it is the responsibility of all staff to secure Hospice property. Any damage to the Hospice's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported procedure for reporting losses set out below.

## 18 **Disposals and Condemnations, Losses and Special Payments**

18.1 Should it be decided to dispose of a Hospice asset, the authorised officer will determine and advise the Finance Manager of the estimated market value of the item in order to ensure that best value is achieved. No officer shall transfer any equipment to a consumer without the prior authority of the Finance Manager.

18.2 Any officer discovering or suspecting a loss of any kind must immediately inform the Chief Executive. For all losses, the Chief Executive shall review the reasons for the loss and take action to address any weaknesses in Hospice systems identified as a result.

18.3 The Finance Manager shall maintain a Losses and Special Payments Register in which write-off action is recorded. All such incidents will be subsequently reported to the Hospice Audit Committee.

## 19 **Computerised Financial Data Storage and Security**

19.1 The Finance Manager is responsible for the accuracy and security of the Hospice's computerised financial data storage and security and shall:

- (a) devise and implement any necessary procedures to ensure adequate protection of the data, programs and computer hardware for which he/she is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Acts and NHS Information Governance requirements;
- (b) ensure that adequate controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness and timeliness of the data, as well as the efficient and effective operation of the system;
- (c) ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment; and
- (d) ensure that an adequate management audit trail exists through the computerised systems (including those obtained by external agency arrangements) and that such computer audit reviews as he/she may consider necessary are being carried out.

19.2 The Finance Manager shall satisfy him/herself 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, written assurances of adequacy will be obtained from them prior to implementation.

19.3 The IT Support Officer shall ensure that all Hospice computer software is properly licensed and operated in accordance with the terms of the licence.

## 20 **Patients' Property**

20.1 The Chief Executive is responsible for ensuring that patients or their guardians, as appropriate, are informed before or at admission of the arrangements for safeguarding property by:

- (a) notices and information booklets;
- (b) hospital admission documentation and property records; and
- (c) the oral advice of administrative and nursing staff responsible for admissions.

This will include the requirement to inform them that the Hospice will not accept responsibility or liability for patients' property brought into Hospice premises unless it is handed in for safe custody and a copy of an official patients' property record is obtained as a receipt.

**21. Risk Management and Insurance**

21.1 The Chief Executive shall ensure that the Hospice has a programme of risk management in accordance with the current directions and guidance in relation to assurance frameworks.

21.2 The programme of risk management shall include:

- (a) a process for identifying and quantifying risks and potential liabilities;
- (b) engendering among all levels of staff a positive attitude towards the control of risk;
- (c) management processes to ensure that all significant risks and potential liabilities are addressed, including effective systems of internal control, cost effective insurance cover and decisions on the acceptable level of retained risk;
- (d) contingency plans to offset the impact of adverse events;
- (e) audit arrangements, including internal audit, clinical audit and health and safety review;
- (f) arrangements to review the risk management programme; and

21.3 The Chief Executive shall be responsible for ensuring that adequate insurance cover is effected in accordance with the risk management policy.

21.4 Each officer shall promptly notify the designated officer of all new risks or property under his/her control which require insurance and of any alterations affecting existing risks or insurances. The information held on the Hospice Risk Register.

**22. Inducements & Declaration of Interests**

22.1 All Trustees and officers shall declare any offer of hospitality or gifts, whether accepted or declined. The Chief Executive will maintain a register of hospitality and gifts, as notified to him/her in line with the policy on the receipt of hospitality and gifts and this will be reported routinely to the Audit Committee for review.

22.2 The Finance Manager shall ensure that all officers are made aware of the Hospice policy on acceptance of gifts, hospitality and other benefits in kind.

22.3 The Hospice Chairman shall be advised of declared pecuniary interests of members of the Board of Trustees or officers for recording in the relevant Register of Interests.

**23. Retention of Documents**

23.1 The Chief Executive shall be responsible for defining retention periods and maintaining archives for all documents required to be retained.

23.2 All documents shall be held for the required retention periods in line with guidance from the Department of Health and local policies on the preservation, retention and destruction of documents.

<b>REFERENCES:</b>				
Lead Author: Mike Rocke, Wayne Cross				
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