

Standing Financial Instructions

Healthwatch Rutland Community Interest Company

1. General

1.1 These Standing Financial Instructions (SFIs) will be issued for the regulation of the conduct of Healthwatch Rutland Community Interest Company (HWR CIC) and the work of its Board Members, Volunteers and Officers in relation to all financial matters with which they are concerned. They shall have effect as if incorporated in the Standing Orders (SOs) of Healthwatch Rutland CIC.

1.2 These Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by Healthwatch Rutland CIC. They are designed to ensure that financial transactions are carried out in accordance with the law in order to achieve probity, accuracy, economy, efficiency and effectiveness.

1.3 These Standing Financial Instructions identify the financial responsibilities which apply to everyone working within HWR in a paid or unpaid capacity.

1.4 Oversight of the proper application of these Standing Financial Instructions will be delegated to a Board Sub Committee called the Audit Committee. Its terms of Reference are set out in Annex 3.

1.5 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Board Chair or Chair of the Audit Committee must be sought before acting. The user of these Standing Financial Instructions should also be familiar with and comply with the provisions of HWR Standing Orders.

1.6 Failure to comply with Standing Financial Instructions and Standing Orders can, in certain circumstances, be regarded as a disciplinary matter that could result in dismissal.

1.7 **Overriding Standing Financial Instructions** – If for any reason these Standing Financial Instructions are not complied with; full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit Committee for referring action or ratification. All members of the Board and staff have a duty to disclose any non-compliance with these Standing Financial Instructions

1.8 Healthwatch Rutland Board

The Board exercises financial supervision and control by:

(a) formulating the financial strategy

(b) requiring the submission and approval of budgets within approved allocations/overall income

(c) defining and approving essential features in respect of important procedures and financial systems

1.9 The Chief Executive is Accountable Officer for Healthwatch Rutland CIC.

Under the provisions of the HWR Articles of Association, the Board hold the powers for all decision making relating to accounting and financial matters, exercised in formal session. With reference to such matters, where the Board delegates certain defined powers to the Chief Executive, he/she is accountable to the Board for proper exercise of such powers.

1.10 It is a duty of the Chief Executive to ensure that Members of the Board, volunteers and employees are notified of, and put in a position to understand their responsibilities within these Instructions.

2. Board Members and Employees

All Members of the Board and employees, and volunteers where such matters are within their control, severally and collectively, are responsible for:

- The security of the property of HWR
- Avoiding loss
- Exercising economy and efficiency
- Meeting the requirements of Standing Orders and Standing Financial Instructions

2.1 Contractors and their employees

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

2.2 For all members of the Board and any employees who carry out a financial function, the form in which financial records are kept and the manner in which members of the Board, employees and volunteers (where such matters are within their control) discharge their duties must be to the satisfaction of the Audit Committee.

3. Audit

3.1 The Healthwatch Rutland Board is responsible for ensuring there are adequate arrangements in place to review, evaluate and report on the effectiveness of internal financial control including through effective internal audit functions.

3.2 The Healthwatch Rutland Chief Executive is responsible for ensuring that an annual internal audit report is prepared for the consideration of the Healthwatch Rutland Audit Committee.

3.3 The objective of the audit is to provide assurance to Healthwatch Rutland Board on the adequacy, application and effectiveness of risk.

3.4 The designated auditors for the Healthwatch Rutland internal audit are entitled to receive, without necessarily giving prior notice, access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature; and explanations concerning any other matter under investigation.

4. Fraud and Corruption

4.1 The Healthwatch Rutland Board has responsibility through its Accountable Officer to ensure there are sound systems of internal control in Healthwatch Rutland to protect against fraud and losses within the day-to-day business of Healthwatch Rutland, including data losses.

4.2 In the event of a fraud being detected, the Healthwatch Rutland Chair must nominate a suitable person to carry out the duties of a fraud investigator (as suggested by the RCC Fraud Policy).

5. Resource and Cash Limit Control

5.1 Healthwatch Rutland will be given an annual Revenue Resource via its contract(s).

5.2 Healthwatch Rutland is required by statutory provisions not to exceed its cash limit and the Healthwatch Rutland Board has responsibility to ensure Healthwatch Rutland's activities remain within its cash limit.

5.3 The Healthwatch Rutland Board through effective stewardship will:

- Ensure that no expenditure beyond that approved in the Healthwatch Rutland budget(s) is incurred.
- Provide finance reports in the form required by the Accounting Officer, and those requested by Rutland County Council (RCC) as principal contract holder
- Ensure expenditure approved against the Cash Limit is actioned only at the time of need; and Be responsible for ensuring that an adequate system of monitoring financial performance is in place to enable Healthwatch Rutland to fulfil its statutory and other contractual responsibilities.

6. Annual Reports and accounts

6.1 The Healthwatch Rutland Board will produce an Annual Report for RCC and Healthwatch England which will set out how it has discharged its statutory Healthwatch duties during the year. The annual financial accounts of Healthwatch Rutland contract will be included.

6.2 The company's annual financial accounts will be scrutinised by the Healthwatch Rutland Audit Committee prior to being submitted.

7. Bank Accounts

7.1 Healthwatch Rutland's banking instructions are outlined in annex 1 of these instructions.

8. Security of Cash

8.1 The Healthwatch Chief Executive is responsible for:

- The provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes and the procedures for key holding; and
- Ensuring proper systems and procedures for handling cash and negotiable securities on behalf of Healthwatch England are in place and communicated
- Official money must not under any circumstances be used for encashment of private cheques. All cheques, postal orders, cash, etc. must be banked intact. Disbursements must not be made from cash received

9. Tendering and Contracting Procedure

9.1 The procedures for making all contracts and undertaking procurement will tend to follow the financial limits set out in the RCC Standing Financial Instructions or others as appropriate.

10. Employee Appointments

10.1 The recruitment of individual employees for Healthwatch Rutland, including the use of agency employees, will be the responsibility of the Healthwatch Board delegated to the Chief Executive except for the post of Chief Executive. No permanent/temporary employees are to be appointed however to Healthwatch Rutland without the prior approval of the Healthwatch Rutland Board.

11. Non-Pay Expenditure

11.1 Delegation of Authority

The Healthwatch Rutland Board will approve the level of non-pay expenditure on an annual basis.

11.2 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services

The choice, requisition, ordering and receipt of goods and services are at the discretion of Healthwatch Rutland.

12. Financial Framework

12.1 The Healthwatch Rutland Board Members should be aware of HM Treasury's Government Financial Reporting Manual and that the direction and guidance in the manual is followed by the Healthwatch Rutland Board.

13. Capital Investment, Private Financing, Fixed Asset Registers and Security of Assets

Asset registers

13.1 The Healthwatch Rutland Chief Executive in conjunction with the Board has the responsibility to maintain a register of fixed assets relating to Healthwatch Rutland and take responsibility for the security and custody of these assets, instigating periodic physical checks of assets against the register. Additions to the fixed assets register must be clearly identified and be validated by reference to suppliers' invoices.

13.2 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).

13.3 Any suspected or actual instance of theft must also be immediately notified to the Board on an incident report form. In the event of an asset being lost by reason of misuse, damage or theft, the Accountable Officer must complete a Loss of Assets report and submit to the Board.

Security of Assets and Fixed Assets

13.4 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Healthwatch Board initially. These procedures will make provision for:

- Recording officer responsibility for each asset
- Identification of additions and disposals
- Identification of all repairs and maintenance expenses
- Physical security of assets
- Periodic verification of the existence of, condition of, and title to, assets recorded
- Identification and reporting of all costs associated with the retention of assets
- Reporting, recording and safekeeping of cash, cheques, and negotiable instruments.
- Suitable Insurance is to be in place for all HWR property and liabilities
- Where practical, assets must be marked as Healthwatch Rutland property.
- Each Board Member, Volunteer and employee has a responsibility for the security of property of Healthwatch Rutland.

13.5 Any breach of agreed security practices must be reported in accordance with instructions. Any damage to Healthwatch Rutland premises, equipment or any loss of equipment, stores or supplies must be reported by Board Members, Volunteers and employees in accordance with the procedure for reporting losses (see Annex 2 to this document).

14. Storage and Receipt of Goods

14.1 Subject to applicability, stores and receipts of goods must be:

- Kept to a minimum
- Subjected to annual stock take
- Valued at the lower of cost and net realisable value

15. Disposals and Condemnations, Losses and Special Payments

15.1 Healthwatch Rutland will adopt NHS England's Guidance on Losses and Special Payments.

Annex 1 Banking and Accounting Instructions

1. The Office Manager is responsible for:

- Day to day bookkeeping, utilising SAGE or other relevant software
- Paying invoices and bills due from Healthwatch Rutland on time
- Paying volunteer and staff expenses in line with the Healthwatch Rutland Expenses Policy
- Management of petty cash account
- Producing SAGE reports or other as requested by the Chief Executive , Chair or Audit Committee Chair
- Raising invoices including a quarterly invoice with RCC for payment of the Healthwatch Rutland contract and others as required.
- Preparing monthly draft management accounts for the Chief Executive covering such contracts held by HWR CIC
- Preparing VAT returns and reclaims

2. The Chief Executive is responsible for:

- Being Accountable Officer for Healthwatch Rutland CIC.
- Reconciling the Healthwatch Rutland account monthly
- Submitting monthly management accounts to the Board based upon drafts prepared by the Office Manager
- Overseeing the production of Annual Accounts for submission to Companies House.
- Monitoring expenditure against the agreed budget
- Assisting the Board in preparing the annual budget
- Maintain and update bank signatory list
- Working closely with and supporting the Audit Committee to ensure these SFI are properly implemented

3. Payment methods

HWR CIC Bankers are currently Barclays Bank, Melton Branch. The following methods of payment are approved for use:

- Payment by cheques – cheques should be signed by two approved signatories
- Online payments – should be initiated by the Office Manager (or CEO) and then approved electronically for payment by an approved signatory. Designated counter signatories should be restricted to Board Members.
- Credit cards with the following limits are issued to the Chief Executive and the Office Manager. The following are the amounts per month that each individual can self-authorise: Office Manager £200/ Chief Executive £400 limits
- Staff wages are to be paid by online banking or in the event of failure by BACS but the CEO should not act as a counter signatory for these transactions
- Banking transactions should be reported to the Chair of the Audit Committee monthly

Annex 2 – Procedure for Reporting Losses

Any breach of agreed security practices must be reported at the earliest possible opportunity to the Chair of the Board. In the absence of the Chair, the board as a whole will be informed.

Any damage to Healthwatch Rutland premises, equipment or any loss of equipment, stores or supplies must be reported by employees at the earliest possible opportunity to the Chair of the Board. If the Chair is unavailable, and the cost of the loss or damage is in excess of £200, the Board as a whole will be informed. Losses or damage should be entered in the assets log.

Annex 3 – The Audit Committee Terms of Reference

- The role of the Audit Committee shall be to provide reassurance to the Board that Standing Financial Instructions are being properly applied within HWR and that management and trading accounts truly reflect the operation of the company
- The Chair shall be a member of the Board and be annually appointed to the Chair of the Audit Committee at the AGM
- The membership of the committee shall consist of HWR CIC bank signatories and any other member agreed by the committee
- The committee shall meet at least annually prior to the AGM but preferably quarterly or at such other regular intervals as the Chair and the Audit Committee agree upon