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# Standing Financial Instructions

## Document Control

Version	Date	Author	Reason
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## Document review

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# Standing Financial Instructions

## 1. Introduction

- 1.1 The overall framework for the delegation of responsibility and accountability to Llais<sup>1</sup> from Welsh Government is provided by Llais Framework Document. The Framework Document sets out the requirements for appropriate standing financial instructions.
- 1.2 These Standing Financial Instructions (SFIs) detail the financial responsibilities which apply to everyone working for Llais. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial control procedure notes. They are designed to ensure that our 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. These SFIs shall have effect as if incorporated in the Llais Standing Orders (SOs)
- 1.3 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Strategic Director of Operations and Corporate Services or Board Secretary must be sought before acting.
- 1.4 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 Board Secretary, who will ask the Audit and Risk Assurance Committee to formally consider the matter and make proposals to the Board on any action to be taken. All Board members and officers have a duty to report any non compliance to the Board Secretary as soon as they are aware of any circumstances that has not previously been reported.
- 1.5 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.

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<sup>1</sup> Llais is the operating name for the Citizen Voice Body for Health and Social Care, Wales

## **2. Regulations**

2.1 These SFIs will be governed by the following and in order of precedence if a conflict arises:

- Health and Social Care (Quality and Engagement) (Wales) Act 2020(the Act)
- Llais Framework Document

2.2 These Standing Financial Instructions do not provide detailed procedural advice and should be read in conjunction with the detailed financial procedures.

## **3. Responsibilities**

### **Board and its Committees**

3.1. The Board is responsible for ensuring compliance with any statutory or administrative requirements in respect of the use of public funds; that it operates within the limits of its statutory authority and any delegated authority agreed with its sponsor department, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, it takes into account guidance issued by the Welsh Government.

3.2 The Board also has responsibility for ensuring that it regularly reviews financial information concerning the management of Llais.

3.3 Section 6 of Llais Standing Orders sets out a provision for the Board to establish Committees which may have delegated responsibilities to act on its behalf, in accordance with policies and procedures laid down. The responsibility for the functions delegated to committees remains with the Board.

3.4 Paragraph 6.4 of the Standing Orders includes a provision for the Board to appoint two external independent members with the relevant profession expertise to a committee. These individuals can be appointed as committee members and can be included in the quorum.

## **Chief Executive**

- 3.5 The Chief Executive as Accounting Officer is personally responsible for
- the proper stewardship of the public funds for which he or she has charge;
  - the day-to-day operations and management of Llais; and
  - for ensuring compliance with requirements of Managing Welsh Public Money
- 3.6 The Chief Executive may be assisted in the exercise of the role by Tîm Arwain and employees of Llais. The Chief Executive may also delegate the day-to-day administration of these responsibilities to these employees but ultimately remains responsible and accountable.

## **4. Statutory Accounting and Reporting**

- 4.1 Each financial year Llais must prepare Annual Accounts in accordance with the Act', the Accounts Direction issued by the Welsh Ministers, the relevant statutes and the Financial Reporting Manual (FRem). Llais must submit its draft Annual Accounts to the Welsh Ministers and the Auditor General for Wales no later than 31 August after the end of the financial year.
- 4.2 The Auditor General for Wales must examine, certify and report on the draft Annual Accounts and no later than four months after the draft was submitted, lay before the Senedd a copy of the audited Annual Accounts and report.
- 4.3 As soon as is practicable after the end of each financial year, Llais must publish an Annual Report on the exercise of its functions. Llais must submit the annual report to Welsh Ministers and lay a copy before the Senedd Cymru/Welsh Parliament.

## **5. Business Planning**

- 5.1 Following receipt of the Welsh Government's Remit Letter Llais is required to prepare and submit a long term business plan setting out how it is to achieve its strategic objectives and cover the period of Welsh Government's term. The long term business plan will incorporate a high-level financial and workforce plan.

- 5.2 In response to the Minister's remit letter and formal statement of its budgetary provision Llais is required to prepare and approve an annual operational plan setting out, in detail, how the strategic aims, objectives and priorities will be taken forward in the year ahead. Before publishing a plan under this paragraph, Llais must consult such persons as it considers appropriate on its proposed objectives and priorities. The plan, including the annual financial and workforce plan, will set out the level of service to be achieved in key areas, with due regard to economy efficiency and effectiveness.

## **6. Financial Duty**

- 6.1 Llais has a duty to ensure that net expenditure does not exceed the Minister confirmed net revenue and capital resource budgets. Net expenditure above these budgets may not be committed until or unless a revised budget cover has been agreed in writing.
- 6.2 Llais may not breach the component parts of the revenue and capital resource budgets. Approval must be sought in advance and in writing if the Body wishes to spend more in one category and less in another.

## **7. Management of Funds and Control of Budgets**

- 7.1 The Chief Executive as Accounting Officer is responsible for the management of funding from the Welsh Government and the control of Llais budgets. The Chief Executive shall carry out these responsibilities in accordance with the directions or requirements of the sponsoring department, Health and Social Services, and shall also provide information and advice to the Board and its Committees as necessary.
- 7.2 Day-to-day responsibility for the setting and monitoring of budgets at individual budget level may be delegated by the Accounting Officer to the rest of the Tîm Arwain.
- 7.3 The net revenue and capital resource budgets, confirmed by Welsh Ministers, will be notified annually in the Remit Letter.
- 7.4 Llais shall forecast cashflow and prepare monthly claims for funding in the form specified by the Welsh Government. This will be done through

the Grant in Aid(GIA) claim which is submitted to Welsh Government requesting the month's cash draw down. The Strategic Director of Operations & Corporate Services shall examine and approve all such claims prior to submission to Welsh Government.

- 7.5 Funding in respect of specific projects, and which is over and above the funding in the Remit Letter, may be negotiated and agreed with the sponsoring department or other organisation/s.
- 7.6 There will be regular meetings between the sponsoring department, Tîm Arwain, and other officers as required to monitor the deployment of funds by Llais.
- 7.7 Llais may vire within both, but not between, revenue and capital resource budgets allocated to it, subject to such limits and guidance as shall be determined by the Chief Executive and Welsh Government.

## **8. Shared Services Arrangements**

- 8.1 The Chief Executive has responsibility for securing efficient, well-controlled shared services arrangements. These functions and services shall be provided in accordance with the terms set out in an agreed Service Level Agreement (SLA).
- 8.2 Any such functions shall remain the responsibility of the Llais.
- 8.3 The range of services shall include, but not limited to, the following:
- Payroll – system, processing and advice
  - Pensions – system, processing and advice
  - Recruitment – advertising, processing and pre-employment checks
  - Travel Expenses – system, processing and advice
  - Car Lease Salary Sacrifice Scheme – system, processing and advice
  - Job Evaluation – access to matching, consistency checking and review panels
  - Workforce Information Services and ESR system hierarchy management
  - Finance – system and processing (partial)
  - Procurement – processing and advice
  - Internal Audit
  - Local Counter Fraud



- Legal Services
- Welsh language translation
- Oracle system

## **9. Banking Arrangements**

### **Authorisation**

- 9.1 All arrangements with the bankers shall be made by or under arrangements approved by the Chief Executive.
- 9.2 The Director of Finance will keep a copy of the bank mandate containing the authorised signatures and make proper arrangements for the safe custody of cheques
- 9.3 All cheques must only be signed by authorised officers as is the case for the BACS payment schedules for payments made through electronic banking.
- 9.4 The authorised officers will be the Chief Executive, the Strategic Director of Operations & Corporate Services and the Director of Finance as per the bank mandate.

### **Procedure**

- 9.5 A main account will be maintained for the majority of day-to-day banking activities.
- 9.6 No bank account shall be opened in the name of, or on behalf of, Llais except as defined below. The opening and closure of these accounts and transfers (unless made automatically) of funds between these accounts shall be authorised only by the Chief Executive and the Strategic Director of Operations & Corporate Services.
- 9.7 The main account will receive Grant in Aid payments and funding advances from the sponsoring department in respect of the revenue and capital resource budgets, any agreed grant allocation and for other specified projects and programmes of work.
- 9.9 The following provisions will apply to the main account:
- (i) no cash withdrawals may be made
  - (ii) the balances in the main account shall be maintained at the minimum practicable level

- (iii) cheques and other payable orders drawn on the main account for amounts up to and including £1,000 shall bear 2 authorising signatures as per the bank mandate.
- (iv) cheques and other payable orders drawn on the main account for amounts in excess of £1,000 shall be signed by two authorised signatories
- (v) the Director of Finance is responsible for ensuring that the appointed bankers are notified of the name and designation, together with specimen signatures, of each of the officers authorised to open, close or transfer monies between accounts and to sign cheques and orders under these arrangements and of any changes to these authorised signatories
- (vi) all instructions to the appointed bankers from authorised officers shall be made or confirmed in writing
- (vii) day to day management including payments made under electronic banking will be undertaken by the Strategic Director of Operations & Corporate Services, Director of Finance and members of the finance team.

9.10 The signatories and levels referred to above will additionally apply to the BACS<sup>2</sup> payment schedules which support any payments made through electronic banking

## **10. Procurement of Goods and Services**

### **Contracts and tenders**

10.1 A contract is a document which ensures that both parties fully meet their respective obligations as effectively and efficiently as possible, in order to deliver the business and operational objectives and in particular, value for money.

10.2 All arrangements for the supply of goods and services shall conform to the requirements as set out in 10.3 below.

10.3 Contracts for goods and services shall be subject to the receipt of competitive tenders or quotations as follows:

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<sup>2</sup> This is an electronic system to make payments directly from one bank account to another.

<b>Contract value (excl. VAT)</b>	<b>Minimum competition<sup>1</sup></b>	<b>Form of contract</b>	<b>Authorised by</b>
<£1,000	Evidence of value for money has been achieved	Purchase order	ROM's & equivalents
£1,001-£5,000	Evidence of value for money has been achieved	Purchase order	Directors
£5,001 - £10,000	Evidence of 3 written quotations	Simple form of contract/ Purchase order	Llais Director of Operations
£10,001 - £15,000	Evidence of 3 written quotations	Simple form of contract/ Purchase order	Llais Strategic Director of Operations & Corporate Service or Strategic Director of Communications & Engagement
£15,001 - £25,000	Evidence of 3 written quotations	Simple form of contract/ Purchase order	Llais Chief Executive
£25,001 – £125,000	Advertised open call for competition. Minimum of 4 tenders received if available	Formal contract and purchase order	Llais Chief Executive
£125,001 – prevailing OJEU threshold	Advertised open call for competition. Minimum of 4 tenders received if available	Formal contract and purchase order	Llais Board
Above OJEU threshold	Advertised open call for competition. Minimum of 5 tenders received if available or appropriate to the procurement route	Formal contract and purchase order	Welsh Government *

\* subject to the existence of suitable suppliers.

## **Tenders and quotations**

- 10.4 A tender is where bids are invited from interested contractors to carry out a piece of work against a specification set by Llais.
- 10.5 Written/electronic quotations may be requested from suppliers where the estimated value is £25,000 or less and a record shall be made of quotations received showing name of supplier, contact name for supplier, date of quotation, details of service/product expected, price and name of the officer receiving the quotation.
- 10.6 Employees of Llais and board members shall not be engaged by Llais as contractors under any circumstances until their employment with Llais has been terminated.
- 10.7 No contract with a previous employee or previous board member of Llais, which has not been subject to the tendering/quotation process, shall be agreed within 6 months of their leaving the employment of Llais, without the written authority and approval of the Chief Executive.
- 10.8 Employees of Llais and board members shall declare any close links, direct or indirect, with contractors and shall withdraw from any involvement in contracting and tendering processes where such interest has been declared.
- 10.9 The usual competitive quotation/tendering procedure may be waived in the event of a single source tender, for example, due to the specialist nature of the contract. Such contracts will be authorised by the Chief Executive or the Strategic Director of Operations & Corporate Services up to £25,000.
- 10.10 In the event of the number of quotation/tenders received being less than required according to the monetary value of the works, and it is decided not to re-advertise, the award of contract will be required to be authorised by the Strategic Director of Operations & Corporate Services or the Chief Executive.
- 10.11 On the extension of a contract the quotation/tendering procedures may be waived. Such contracts will be authorised by the Strategic Director of Operations & Corporate Services or the Chief Executive.
- 10.12 Tenders received above limits will require authorization by next level. In the case of Board approved tenders these can progress

via Chair's action, based on any formal recommendations by Chief Executive.

10.13 Certain contracts require further approval by sponsor division as follows: -

- Capital projects of £20,000 and over
- IT projects of £250,000 and over
- Consultancy contracts of £50,000 and over

10.14 Obtaining goods or services through a framework agreement (e.g., stationery, legal services) is not subject to the above financial tendering limits.

### **Leases for Accommodation/Others**

10.15 Lease contracts will follow the arrangements as outlined above. The whole-life costing of the lease should be used to determine the appropriate level of authority required; this figure will include both VAT and interest charges.

10.16 Once a lease has been awarded, any variations from the original lease must be authorised by the Chief Executive or Strategic Director of Operations & Corporate Services. These variations can be for price, time or quality. The reasons for the variation must be documented and signed by the Chief Executive or Strategic Director of Operations & Corporate Services and be within their authorisation limits.

### **Public Procurement Thresholds**

10.17 The Public Contracts Regulations 2015 - <https://www.legislation.gov.uk/ukxi/2015/102/contents> sets out detailed procedures for the award of contracts whose value equals or exceeds specific thresholds.

10.18 These thresholds apply to the value of the contract throughout its duration, including any possible extensions.

10.19 Thresholds are net of VAT.

10.20 The current thresholds where PCR2015 rules apply, are for purchases over;

- 1) £139,688 for Supply, Services and Design Contracts
- 2) £5,372,609 for Works Contracts

## **Procurement and Purchase Orders**

10.21 All goods or services must be procured through the raising of a properly authorised purchase order. This would also apply where the goods and services procured through a competitive tendering process or where there is a funding agreement in place.

10.22 Payment for goods and services by procurement card is allowed within defined limits. Members of staff will be allowed to make purchases subject to a maximum individual transaction limit and a monthly credit limit. Procurement cards will be only issued on the approval of the Strategic Director of Operations and Corporate Services. Card holders are responsible for authorising and monitoring expenditure by procurement cards if feasible on a weekly basis. Purchases by Strategic Director of Operations and Corporate Services must be authorized by Strategic Director of Communications & Engagement or the Chief Executive.

10.23 The Director of Finance will keep and maintain a copy of all specimen signatures of employees that have authority to approve requisitions/ purchase orders.

## **11. Payment Approval Limits**

11.1 All purchases (other than procurement cards) must be appropriately approved through the electronic authorisation process.

11.2 Approval means that the responsible person is satisfied that:

- (i) resources are available within the budget to finance the purchase
- (ii) the invoice amount is as per the quoted/contracted amount
- (iii) the purchase is of suitable quality
- (iv) the financial code is complete and correctly identifies the budget(s) from which the purchase is being made.

11.3 Invoices for non-pay and capital can be approved by the following but only up to and including their approval limits:

<b>Job family</b>	<b>Approval Limits</b>
Chief Executive	Above £10,000
Strategic Director of Operations & Corporate Services & Strategic Director of Organisational Strategy and Engagement	£10,000

Amounts will be inclusive of VAT

11.4 Volunteers and staff expenses up to £500 may be approved by their Regional Operations Manager.

11.5 Staff expenses will be approved by the appropriate line manager as per ESR / SEL-expenses.

## **12. Assets**

### **Capital Expenditure**

12.1 Capital expenditure will be defined as:

Any individual or group of tangible assets or intangible assets of £5,000 (Inc. VAT) or more that has an estimated economic/operational life of more than 1 year.

### **Asset Register**

12.2 A register of all capitalised assets will be maintained.

12.3 A full physical checks of these assets will be carried out on an annual basis.

12.4 Definition

Assets to be included on the asset register will be as per the definition of capital expenditure as per 12.1.

12.5 Depreciation and Amortisation<sup>3</sup>

Depreciation and amortisation is provided at rates calculated to write off the historic cost of capitalised assets on a straight-line basis over the assets useful economic life, except for office refurbishment, where costs are written off over the remaining period of the office

leases.

Communications equipment:	five years
Furniture:	ten years
I.T. (property, plant and equipment):	five years
Accommodation refurbishment:	remaining period of accommodation leases when purchased
Information Technology and licences (Intangible Assets):	five years

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<sup>3</sup> Amortisation is a routine decrease in value of an intangible asset

## **Disposal**

12.6 Items obsolete, obsolescent, redundant, irreparable or that cannot be repaired cost effectively will be disposed of subject to authorisation by the Director of Finance.

## **13. Recording and Collection of Income**

13.1 The Director of Finance shall be responsible for the proper recording and prompt collections of all monies due.

13.2 The Director of Finance shall ensure that all unpaid accounts are regularly progressed, including arrangements under contract with debt collection agencies.

13.3 Debts due to Llais will not be written off except as outlined in Section 16.

## **14. Payment of Staff**

14.1 The Head of People, Wellbeing & Organisational Development shall be notified immediately of each new appointment and of any variation in the pay band or point of any person already in Llais employ.

14.2 The Head of People, Wellbeing & Organisational Development shall be responsible for administration of the payroll and for ensuring that payment is not made except to the appropriate employee or to a



nominee authorised by the employee in writing to accept it on the employee's behalf.

- 14.3 All new employees who are paid based on an annual salary or a proportionate part thereof shall be paid monthly by bank credit transfer.
- 14.4 Payments shall not normally be made in advance of normal pay day except:
- (i) to cover periods of authorised leave involving absence on the normal pay day; or
  - (ii) in special cases authorised by the Chief Executive or Strategic Director of Operations & Corporate Services
- 14.5 Notification of termination of employment shall be sent to Head of People, Wellbeing & Organisational Development in respect of the resignation, retirement or discharge of an employee as soon as the effective date is known.
- 14.6 The Head of People, Wellbeing & Organisational Development, or others acting under delegated responsibility, shall be responsible for the provision of documents relating to superannuation, tax and similar matters.

## **15. Payment of Board Members**

- 15.1 The Board Secretary shall notify the Head of People, Wellbeing & Organisational Development immediately of each new appointment.
- 15.2 The Head of People, Wellbeing & Organisational Development shall be responsible for administration of the payroll and for ensuring that payment is not made except to the appropriate member.
- 15.3 All members who are paid based on an annual remuneration rate shall be paid monthly by bank credit transfer.
- 15.4 Payments shall not normally be made in advance of normal pay day except in special cases authorised by the Chief Executive.
- 15.5 Notification of termination of membership shall be sent to the Head of People, Wellbeing & Organisational Development in respect of the resignation or discharge of a member as soon as the effective date is

known.

- 15.6 The Head of People, Wellbeing & Organisational Development, or others acting under delegated responsibility, shall be responsible for the provision of documents relating to superannuation, tax and similar matters.

## **16. Losses: Compensation / Insurance**

- 16.1 All officers shall have a general responsibility for the security of the assets of Llais and for avoiding losses.
- 16.2 The Chief Executive may authorise that no further action be taken for the recovery of sums unpaid, or may write off losses where the amount involved does not exceed £5,000. Where sums in excess of £5,000 are involved, Welsh Government shall be notified in writing.
- 16.3 Ex-gratia compensation payments to staff for loss of or damage to personal property, incurred whilst on duty, are provided for in the Conditions of Service, with decisions taken by the Chief Executive in the light of the merit of individual claims.
- 16.4 In line with Welsh Government policy Llais does not purchase commercial insurance cover for its assets unless it is legally obliged to do so or concludes that it would be cost effective.

## **17. Audit**

- 17.1 The Llais Framework Document directs that Llais should arrange for internal audit function in accordance with the objectives, standards and practices described in the Public Sector Internal Audit Standards.
- 17.2 Internal Audit will provide an annual report to the Audit and Risk Assurance Committee detailing the level of assurance which can be given as to the effectiveness of internal controls.
- 17.3 In accordance with its statutory basis the external auditor of Llais is the Auditor General for Wales.
- 17.4 The Auditor General for Wales must examine, certify and report on the statement of accounts and before the expiry of 4 months beginning on the day on which the statement of accounts is submitted, lay before the national Assembly for Wales:

- (a) a copy of the certified statement and report, or
- (b) if it is not reasonably practicable to comply with paragraph (a), a statement to that effect, which must include reasons as to why this is the case.

17.5 The Auditor General's representative will determine the timescale and process of the audit by agreement with the Strategic Director of Operations and Corporate Services.

## **18. Counter Fraud**

18.1 Llais always requires all staff to act honestly and with integrity and to safeguard the public resources to which they are responsible. Llais will not accept any level of fraud, bribery or corruption. All such cases will be thoroughly investigated and dealt with appropriately.

18.2 In line with the Counter Fraud Policy all staff are encouraged to report any suspicions of fraud, bribery and corruption at an early stage. Staff should report any such suspicions to their line managers, or through their line management chain, who will report as appropriate to the Strategic Director of Operations & Corporate Services.

## **19. Retention of Financial Records**

### **19.1 Responsibilities of the Chief Executive**

19.1.1 The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with the Welsh Ministers' guidance, the UK General Data Protection Legislation and any relevant domestic law considerations via the Data Protection Act 2018 and the Freedom of Information Act 2000 (c. 36).

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

19.1.3 Records held shall only be destroyed in accordance with the applicable data protection laws and at the express instigation of the Chief Executive. Details shall be maintained of records so destroyed.