

**To:** The Board

**For meeting on:** 24 September 2014

**Agenda item:** 8

**Report by:** Steve Murray, Head of Internal Finance  
Jason Dorsett, Finance, Reporting & Risk Director

**Report on:** Review of Monitor's Standing Financial Instructions

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## Summary

1. Monitor's Standing Financial Instructions (SFIs) form part of the Rules of Procedure. They set out the financial responsibilities, policies and procedures adopted by Monitor so form an important part of Monitor's internal control framework.
2. The SFIs are reviewed periodically, with the last review in April 2013 to reflect the updated governance structure. Monitor's governance and processes have continued to evolve since then, and the SFIs have now been reviewed in more depth and in light of Monitor's operational experience since the last review.
3. There are a number of changes proposed to the SFIs which are outlined in the paper.

## Process undertaken

4. Monitor's SFIs have been reviewed by the Internal Finance team against those of other organisations (see Annex A for a summary of the results), against Monitor's sector guidance (for example the Code of Governance), and have been subject to internal and external audit review.
5. The Department of Health has recently issued a revised Schedule of Delegations to Monitor which set out the relevant limits applicable from August 2014. The proposed SFIs are consistent with these delegations.
6. The feedback from these exercises has been consolidated and a number of changes to Monitor's SFIs proposed.
7. The Audit and Risk Committee reviewed the draft SFIs at its meeting on 18 September 2014.

## **Summary of proposed revisions to SFIs**

8. The significant changes are highlighted in the SFIs included at Annex B. The most significant changes are as follows:
- i) Inclusion of the business case approval process and proposed new governance requirements around high value (>£500k) cases;
  - ii) Explicit requirement for a budget and business plan to be agreed by the Board before the start of the relevant financial year;
  - iii) Clarified the responsibilities of the Managing Director of Provider Regulation and the Finance, Reporting and Risk Director;
  - iv) Added a section on capital expenditure and assets; and
  - v) Amended structure and format for easier reference, in particular clearer links to other Monitor policies, for example the Procurement and Budgetary Responsibility policies. The intention is to include these policies as formal Annexes to the SFIs.

## **Response to audit reviews of the SFIs**

9. Alongside the Internal Finance review, the SFIs have been subject to formal review by internal audit and have been commented on by external audit.
10. Monitor's internal auditors recommended a number of amendments and updates to the structure and content of the SFIs. These have all been addressed in the proposed revisions to the SFIs.

## **Future updates to the SFIs**

11. The SFIs will continue to be periodically reviewed, with any updates approved by the Audit and Risk Committee and the Board.
12. The accompanying policies are likely to require more frequent updates, for example the delegated limits applicable to Monitor are updated at least annually. It is proposed that updates to these policies remain at the discretion of the Finance, Reporting and Risk Director.

## **Next steps**

13. The Board is asked to approve the proposed amendments to Monitor's SFIs, and the proposed approach to future updates.
14. Upon Board approval, the documents on Monitor's website and intranet will be updated and staff informed of the significant changes.

**Steve Murray**  
**Head of Internal Finance**

**Jason Dorsett**  
**Finance, Reporting & Risk Director**

**Public Sector Equality Duty:**

*Monitor has a duty under the Equality Act 2010 to have due regard to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between people from different groups. In relation to the issues set out in this paper, consideration has been given to the impact that the recommendations might have on these requirements and on the nine protected groups identified by the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, gender and sexual orientation).*

*As this report is for information, it is anticipated that the recommendations of this paper are not likely to have any particular impact upon the requirements of or the protected groups identified by the Equality Act.*

**Exempt information:**

*None of this report is exempt under the Freedom of Information Act 2000.*



## Annex A: review of other organisations' SFIs

As part of the review of Monitor's SFIs, the documents for a range of organisations were consulted. A summary of their approach to SFIs is below.

Organisation	Summary of review
NHS England (covering admin and programme budgets)	<p>Lengthy document (110 pages) – the document goes into detail in a number of areas, for example listing out the specific limits subject to external spending controls. Whilst this makes it a more comprehensive document, this is perhaps more difficult to navigate as a practical policy document.</p> <p>Additional sections to consider:</p> <ul style="list-style-type: none"> <li>• Terms of employment</li> <li>• Monitoring returns</li> <li>• Capital expenditure</li> <li>• Asset disposals</li> <li>• Insurance</li> <li>• Losses and special payments</li> </ul>
NHS TDA	<p>Layout of the SFIs is in defined sections More detail is included, for example the SFIs incorporate the TDA procurement policy</p> <p>Additional sections to consider:</p> <ul style="list-style-type: none"> <li>• Terms of employment</li> <li>• Capital expenditure</li> <li>• Asset disposals</li> <li>• Information governance policy</li> <li>• Losses and special payments</li> <li>• Counter fraud policy</li> </ul>
NICE	<p>Contains specific information such as delegated limits.</p> <p>Additional sections to consider:</p> <ul style="list-style-type: none"> <li>• Capital expenditure</li> <li>• Losses and special payments</li> </ul>
Central Manchester NHS FT	<p>Layout of the SFIs is in defined sections Content is broadly similar to current SFIs, but additional sections to consider are:</p> <ul style="list-style-type: none"> <li>• Terms of employment</li> <li>• Capital expenditure</li> <li>• Asset disposals, losses and special payments</li> <li>• Insurance</li> </ul>

Some common themes have emerged from this review. In particular, most of the SFIs reviewed contain specific information which is reviewed and could change on a more regular basis than the underlying SFIs, for example internal delegated limits or external spending controls.

The approach taken to Monitor's SFIs has been to keep them relatively high level, setting out the core responsibilities and processes, but referencing other policies which are updated more regularly for these specific details.

There are a number of additional areas which are covered by the SFIs reviewed which were not in the original Monitor SFIs. Consideration of these is contained in the table below:

<b>Additional area to consider</b>	<b>Response within proposed SFIs</b>
Terms of employment	Do not include as set by the Remuneration Committee which is covered elsewhere in the Rules of Procedure, but signposted from the SFIs for completeness.
Monitoring returns	Note added within the budget monitoring section to include responsibility for in year internal finance monitoring returns
Capital expenditure, including disposals	Included a new section on capital expenditure due to higher value of spend in this area, including a specific ringfenced budget for this
Insurance	New section included. Insurance costs are low (c£40k per annum across employment liability and Directors & Officers liability insurance), however the justification needs to be clear due to the restrictions over insurance within Managing Public Money. The recently issued DH delegations are more specific, requiring any commercial insurance proposals to be approved by the Accounting Officer.
Losses and special payments	Section added to clarify the procedure for notifying and approving losses and special payments.

## **ANNEX B Proposed Revised Standing Financial Instructions**

*Updated version following a detailed review to be submitted for approval by the Board at its meeting on 24 September 2014.*

*The main changes since the previous version are:*

- *Inclusion of the business case approval process and proposed new governance requirements around high value (>£500k) cases;*
- *Explicit requirement for a budget and business plan to be agreed by the Board before the start of the relevant financial year;*
- *Clarified the responsibilities of the Managing Director of Provider Regulation and the Finance, Reporting and Risk Director;*
- *Added a section on capital expenditure and assets; and*
- *Amended structure and format for easier reference, in particular clearer links to other Monitor policies, for example the Procurement and Budgetary Responsibility policies.*

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# 1. Introduction

## 1.1. General

- 1.1.1. These Standing Financial Instructions (SFIs) detail the financial responsibilities, policies and procedures adopted by Monitor. They are designed to ensure that financial transactions are carried out in accordance with the law and Government policy in order to achieve probity, accuracy, economy, and effectiveness. They provide a framework of procedures and rules for staff to follow.
- 1.1.2. These SFIs identify financial responsibilities applying to Monitor employees. They do not provide detailed procedural advice. These statements should therefore be read in conjunction with detailed financial procedures, which have developed by Internal Finance. Related policies of particular relevance are the [Budgetary Responsibility Policy](#), [Business Expenses Policy](#) and [Procurement Policy](#), all of which are available on Monitor's intranet.
- 1.1.3. For any item or circumstance not covered by these SFIs, principles on handling and reporting public expenditure contained in Managing Public Money (the Treasury's guidance and instruction manual), the Treasury's Financial Reporting Manual and the Civil Service Management Code should be followed.
- 1.1.4. Failure to comply with these SFIs is a disciplinary matter and could result in dismissal.

## 1.2. Terminology

- 1.2.1. In these SFIs:

"Accounting Officer" means the Chief Executive of Monitor (or whoever is so appointed by the Secretary of State).

"the Act" means the National Health Service Act 2012

"Authorising Officer" means a member of staff who has been given written authority to authorise commitments or payments for specific budgets.

"Board" means the Board of Monitor.

“Budget” means a resource, expressed in financial terms, allocated by Monitor’s Board for the purpose of carrying out, for a specific period, any or all of Monitor’s functions.

“Budget holder” means an Executive Committee member or employee who has been delegated responsibility to manage a budget.

“Budget manager” means an employee who has been delegated day to day responsibilities for managing a budget.

“Employee” means a permanent member of staff, a member of staff who is on secondment to Monitor, or a contracted external consultant or adviser.

“ExCo” refers to the Executive Committee of Monitor’s Board.

### **1.3. Roles, Responsibilities and Delegation**

#### *Accounting Officer*

- 1.3.1. The Accounting Officer exercises financial supervision and control by:
  - (i) defining specific responsibilities;
  - (ii) delegating specific financial responsibilities;
  - (iii) agreeing the financial strategy;
  - (iv) requiring the submission and approval of budgets within specified limits; and
  - (v) defining and approving essential features in respect of financial control procedures and financial systems.
- 1.3.2. The Accounting Officer is personally accountable to Parliament for the stewardship of Monitor’s funds, for the good management of the organisation, and for ensuring that Monitor meets its obligation to perform its functions within the financial limits set.
- 1.3.3. The Accounting Officer is responsible for signing off Monitor’s accounts, including an Annual Governance Statement.
- 1.3.4. The Accounting Officer will, as he deems appropriate, delegate his detailed responsibilities to named individuals but remains accountable for financial control. Delegations must always be in writing.
- 1.3.5. The Accounting Officer must ensure that ExCo members and employees and all new appointees are notified of and understand their responsibilities within these Standing Financial Instructions.

*Managing Director of Provider Regulation*

- 1.3.6. The Managing Director of Provider Regulation is the Board member responsible for finance. Day to day responsibility for financial oversight rests with the Finance, Reporting and Risk Director.

*Finance, Reporting and Risk Director*

- 1.3.7. The Finance, Reporting and Risk Director is responsible for internal financial controls and policies, in particular:

- (i) implementing the Monitor's financial policies and for coordinating any corrective action necessary to further these policies;
- (ii) maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems are prepared, documented and maintained to supplement these instructions;
- (iii) ensuring that sufficient records are maintained in order to disclose, with reasonable accuracy, the financial position of Monitor at any time;
- (iv) ensuring the provision of financial advice to the Accounting Officer, the Board and ExCo;
- (v) the design, implementation and supervision of systems of internal financial control;
- (vi) ensuring that SFIs are kept up to date; and
- (vii) the preparation and maintenance of such accounts, certificates, estimates, records and reports as Monitor may require for the purpose of carrying out its statutory duties.

- 1.3.8. The Finance, Reporting and Risk Director is responsible for the procurement of goods and services including:

- (i) preparation, implementation and review of a Procurement Policy;
- (ii) ensuring goods and services are procured in accordance with best practice at the lowest cost commensurate with the defined level of quality;
- (iii) ensuring goods and services are procured in accordance with the Government's good practice guidance; and
- (iv) ensuring that employees engaged in procurement are appropriately trained.

*Other responsibilities*

- 1.3.9. All Board members, ExCo members and employees, severally and collectively, are responsible for:

- (i) the security of the property of Monitor;
- (ii) avoiding loss;
- (iii) exercising economy and efficiency in the use of resources; and
- (iv) conforming with the requirements of Monitor's Rules of Procedure, these SFIs, any limitations on delegation of authority to them, and financial procedures.

1.3.10. All budget holders are responsible for ensuring that budget managers and employees are trained appropriately to manage their financial responsibilities.

1.3.11. All employees are responsible for the proper stewardship of the resources delegated to them. They must:

- (i) abide by all conditions of the delegation;
- (ii) ensure that they and their employees are aware of their responsibilities within these SFIs;
- (iii) ensure that proper financial control arrangements are in place in their teams;
- (iv) ensure that all expenditure is legal and proper and that allotted sums are spent solely for the purpose intended;
- (v) ensure that budget allocations are not overspent and that planned and actual expenditure takes full account of the need to achieve value for money in terms of efficiency, effectiveness and economy; and
- (vi) maintain financial records and discharge their duties to the satisfaction of the Finance, Reporting and Risk Director.

## **2. Audit**

### **2.1. Audit & Risk Committee**

2.1.1. Monitor's Board has established an Audit & Risk Committee and its terms of reference are set out at Annex F to Monitor's Rules of Procedure.

### **2.2. External Audit**

2.2.1. The external audit of Monitor is undertaken by the National Audit Office (NAO).

2.2.2. The National Audit Office's powers to obtain documents and information were consolidated in the NAO Act 1983. This legislation provides that the

Comptroller and Auditor General shall have a right of access at all reasonable times to all such documents as he may reasonably require for carrying out examination and shall be entitled to require from any person holding or accountable for any such document such information and explanation as are reasonably necessary for that purpose.

2.2.3. These rights of access extend to the annual audit of all systems, establishments and processes associated with the Authority's functions.

### **2.3. Internal Audit**

2.3.1. The Accounting Officer is responsible for ensuring that there are arrangements to measure, evaluate and report on the adequacy and effectiveness of internal control and efficient use of resources by the establishment of an adequate Internal Audit service.

2.3.2. Monitor shall appoint a Head of Internal Audit who will have overall responsibility for the internal audit function.

2.3.3. The terms of reference of Internal Audit are set by the Audit and Risk Committee as set out in its terms of reference.

2.3.4. The Board Secretary is responsible for:

- (i) ensuring that there are arrangements to review, evaluate and report on the effectiveness of internal financial controls and effective use of resources by establishing or contracting for an adequate internal audit function;
- (ii) ensuring that an annual internal audit report is prepared for the consideration of the Audit & Risk Committee. The report must cover:
  - a. progress against plan including agreed performance indicators over the previous year;
  - b. major internal financial control weaknesses discovered;
  - c. progress on the implementation of internal audit recommendations;
  - d. strategic audit plan covering the coming three years;
  - e. a detailed plan for the coming year; and
  - f. a clear statement on the effectiveness of internal control.

2.3.5. Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash or property or any suspected irregularity in the exercise of any function of a pecuniary nature, the Finance, Reporting and Risk Director must be notified immediately.

- 2.3.6. In accordance with the Terms of Reference of the Audit & Risk Committee, representatives of internal and external audit will attend Audit & Risk Committee meetings and have right of access to all Audit & Risk Committee Members, the Chairman and any other director.
- 2.3.7. The reporting system for internal audit will be agreed between the Finance, Reporting and Risk Director, the Board Secretary, the Audit & Risk Committee and the Partner of the Internal Audit firm from time-to-time. The agreement will be in writing and will comply with Government accounting rules.

### **3. Business planning, budgets, budgetary control and monitoring**

#### **3.1. Preparation and approval of business plans and budgets**

- 3.1.1. The Finance, Reporting and Risk Director on behalf of the Accounting Officer will compile and submit to the Board an annual plan and budget.
- 3.1.2. The budget should be compiled alongside the business plan which is prepared by the Director of Strategy.
- 3.1.3. Business plans and budgets should be submitted to the Board before the start of the financial year, subject to agreement of Monitor's budget allocation with the DH.
- 3.1.4. All budget holders must provide information as required by the Finance, Reporting and Risk Director to enable budgets to be compiled.

#### **3.2. Budgetary control and monitoring**

- 3.2.1. The Finance, Reporting and Risk Director will:
- monitor financial performance against budget and plan and report to ExCo and the Board;
  - devise and maintain systems of budgetary control in line with government accounting guidance;
  - ensure that all regular monitoring returns required by external parties are appropriately submitted; and
  - review all manual journal entries above £100k.

3.2.2. The Accounting Officer 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:

- (i) the amount of the budget;
- (ii) the purpose(s) of each budget heading;
- (iii) individual and group responsibilities; and
- (iv) the provision of regular reports.

3.2.3. Budget holders and managers must not exceed the budgetary total limits set. If budget managers are concerned that budgets might be exceeded, they should report it to ExCo as soon as possible. If budgets are exceeded, both the reasons and proposed remedial actions must be reported to ExCo immediately.

3.2.4. Each Budget holder is responsible for ensuring that:

- (i) expenditure is kept within budget;
- (ii) 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 budget transfer; and
- (iii) proper records are kept of all financial transactions.

## **4. Approval of expenditure**

### **4.1. Regularity of expenditure**

4.1.1. Any expenditure by Monitor which falls outside the coverage of Parliament's approval or Monitor's delegated authorities is "irregular" unless specific approval has been given by the Treasury. Irregular expenditure cannot legally be met from funds granted by Parliament.

4.1.2. Monitor's delegated authorities are governed in many cases by external spending controls imposed by Cabinet Office, Treasury or the Department of Health. Any expenditure which is not appropriately authorised is likely to be considered irregular.

### **4.2. Business case approval – non-pay controls**

4.2.1. To ensure adherence to internal policy and external spending controls, a business case approval process is in place and must be adopted for all areas of controlled spend.

4.2.2. The main controls covering Monitor expenditure relate to:

- Consultancy;
- Legal services;
- Communications and marketing activity; and
- ICT spend, including digital projects.

4.2.3. The scope and definitions of controlled spend, and the associated delegated limits are subject to external review and change therefore are not replicated in full in this document. Up to date guidance on the limits in place for which business cases are required can be found in the [Budgetary Responsibility Policy](#).

4.2.4. Business cases are considered and approved by Monitor's Controls Committee within the framework of applicable external spending controls; the [terms of reference](#) for which can be found on the intranet. There is additional governance for high value business cases detailed later in these instructions.

4.2.5. Each business case submission to Controls Committee must:

- be in the latest template format as approved by the Finance, Reporting and Risk Director;
- contain a unique reference allocated by the Head of Internal Finance;
- be subject to a quality review by the relevant budget holder; and
- contain confirmation that the Head of Internal Finance has reviewed the case to ensure the proposed spend is within budget.

4.2.6. Monitor has delegated authority to approve certain spend internally, via a business case to Controls Committee. However Monitor remains subject to a number of external approval processes. The Head of Internal Finance will confirm any requirement for external approvals.

### **4.3. Business case approval – staff controls**

4.3.1. Controls Committee approval is required for:

- Engagements of staff on a day rate, whether the appointment is to a permanent or temporary role;
- Creation or extension of a temporary role outside the agreed organisation design, regardless of how this is filled.



- 4.3.2. Approval from the Department of Health and in some cases HM Treasury is required for appointment with high salaries or day rates. The latest limits are contained in the [Budgetary Responsibility Policy](#).
- 4.3.3. Proposals for additional permanent roles require approval by the Executive Director of Organisation Transformation and the Finance, Reporting and Risk Director in the first instance.
- 4.3.4. Proposals with a wider business or budgetary impact require additional approval from the Accounting Officer. Wider impact will generally be more than five additional posts.

#### **4.4. High value business cases**

- 4.4.1. Before being submitted to Controls Committee or the Board for approval, all business cases with a value in excess of £500,000 (excluding VAT) must be reviewed by, as a minimum:
- the appropriate budget holder;
  - the Finance, Reporting and Risk Director (to assure the quality of the business case, procurement route and value for money of the proposal); and
  - the Director of Strategy (to assure adequate links to the business plan).
- 4.4.2. Consideration should be given as to whether approval is additionally required from the relevant executive committee (either the directorate executive committee or ExCo). Advice can be obtained from the Board Secretary.
- 4.4.3. Board approval is required if the value of the business case exceeds the Chief Executive's delegated limit (as stated in the [Budgetary Responsibility Policy](#)).
- 4.4.4. Following appropriate approval of a business case, this does not require further approval before contract signature unless:
- the expected costs exceed the initially approved value;
  - the scope of the work or procurement route materially change; or
  - Controls Committee or the Board specifically require that further approval is sought before contracts are awarded.

4.4.5. A material change is deliberately not defined here; where there is a proposed departure from the approved business case the Finance, Reporting and Risk Director and Board Secretary should be consulted.

#### **4.5. Losses and special payments**

4.5.1. Losses (including fraud and theft), or certain types of payment are deemed 'special payments', for example ex gratia, extra contractual, compensation or severance payments. Such payments should be avoided wherever possible.

4.5.2. If there are any such payments which are considered, suspected or discovered, the Finance, Reporting and Risk Director and the Accounting Officer should be informed immediately.

4.5.3. Monitor has limited delegated authority over losses and special payments. The Finance, Reporting and Risk Director is responsible for ensuring the appropriate approvals from the Department of Health or HM Treasury are obtained and retained for audit purposes.

4.5.4. Further guidance on fraud is contained in Monitor's [anti-fraud policy](#) available on the intranet.

### **5. Annual Accounts and Reports**

5.1.1. The Finance, Reporting and Risk Director will:

- (i) prepare financial returns in accordance with HM Treasury's Financial Reporting Manual (FReM);
- (ii) prepare, approve and submit annual financial reports to the Board; and
- (iii) submit financial returns and annual accounts to Parliament for each financial year as required by the Act.

5.1.2. Monitor will publish an Annual Report as required by the Act and lay his before Parliament which will include Monitor's annual accounts prepared in accordance with the appropriate Accounts Direction.

## **6. Banking arrangements**

- 6.1.1. The Finance, Reporting and Risk Director is responsible for managing Monitor's banking arrangements, including accounts held with the Government Banking Service, and for advising staff on the provision of banking services and operation of accounts.
- 6.1.2. The Audit & Risk Committee on behalf of the Board will approve the banking arrangements. The latest banking arrangements can be found within the [Finance policies](#) on the intranet.

## **7. Payroll**

- 7.1.1. Monitor's Board has established a Remuneration Committee, the terms of reference for which are set out at Annex F to Monitor's Rules of Procedure.
- 7.1.2. The Executive Director of Organisational Transformation is responsible for managing the payroll, including:
  - (i) specifying timetables for submission of properly authorised time records and other notifications;
  - (ii) making payment on agreed dates; and
  - (iii) agreeing method of payment.
- 7.1.3. The Executive Director of Organisational Transformation must be satisfied that the chosen method of Payroll Service is supported by appropriate (contracted) terms and conditions; adequate internal controls; and audit review procedures: and that suitable arrangements are made for the collection of payroll deductions and payment to appropriate bodies.
- 7.1.4. Further information and the latest payroll guidance can be found within the [HR policies](#) section on the intranet.

## **8. Non-pay expenditure**

### **8.1. Delegation of Authority**

- 8.1.1. The Accounting Officer will determine the level of financial delegation to budget holders and budget managers.

- 8.1.2. The Finance, Reporting and Risk Director will establish:
- (i) a list of managers (and their signatures) who are authorised to place requisitions and official orders for the supply of goods and services;
  - (ii) the maximum level of each requisition or official order and the system for authorisation above that level; and
  - (iii) an ongoing review of the authorised signatory listing.

## **8.2. Tendering and Contract Procedure**

- 8.2.1. Monitor's [Procurement Policy](#), which is available on the intranet, must be complied with at all times.
- 8.2.2. Budget holders must set out in writing a list of employees who are authorised to commit non-pay expenditure (for example, by requisition for the supply of goods and services) and the conditions to be followed in requisitioning goods and services, including the maximum level of expenditure to be incurred. Employees authorised to requisition items (e.g. stationery) should aim for best value for money and follow government guidance on procurement.

## **8.3. Payment and invoices**

- 8.3.1. The Finance, Reporting and Risk Director will:
- (i) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for certification that goods or services invoiced were supplied in the time and manner and to the standard ordered before correct payment is made;
  - (ii) establish a timetable and system for submission of accounts for payment in line with the Public Sector Payment Policy; and
  - (iii) issue instructions to staff regarding the handling and payment of accounts.
- 8.3.2. Budget holders and managers have a responsibility to ensure that invoices received for validation are returned quickly to the payments team.
- 8.3.3. Budget holders and budget managers are responsible for ensuring that all debts are recorded, that all money due to Monitor is recorded, that appropriate action is taken to recover these sums promptly, and that they have systems in place to achieve this. Any overpayments should be prevented; if any are made they should be detected and recovery initiated immediately.

## **8.4. Capital expenditure**

- 8.4.1. The Finance, Reporting and Risk Director will maintain a register of non-current assets, and record the values and depreciation of these assets in accordance with the applicable accounting standards.
- 8.4.2. Forecasts of future capital requirements should be maintained by the Chief Information Officer (for ICT assets), and Executive Director of Organisation Transformation (for Facilities related assets).

## **8.5. Asset disposals**

- 8.5.1. If any Monitor asset requires disposal, the relevant budget holder (normally the Chief Information Officer or Executive Director of Organisation Transformation) must formally authorise the disposal, which must be reviewed by the Finance, Reporting and Risk Director.
- 8.5.2. The [form for authorising a disposal](#) which must be retained by Finance is available on the intranet.

## **8.6. Insurance**

- 8.6.1. Managing Public Money discourages public bodies from taking out commercial insurance unless there is a particular risk to be covered.
- 8.6.2. Where purchase of commercial insurance is proposed, this should be approved by the Accounting Officer.

## **9. Gifts and hospitality**

- 9.1.1. All employees must comply with Monitor's policy on [gifts and hospitality](#), which is published on Monitor's intranet.

## **10. Risk management and Annual Governance Statement**

- 10.1.1. The Accounting Officer is responsible for approving and monitoring Monitor's programme of risk management. This should include:
  - (i) a process for identifying and quantifying risks and potential liabilities;

- (ii) engendering among all employees a positive attitude towards the control of risk;
- (iii) management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control and decisions on the acceptable level of retained risk;
- (iv) contingency plans to offset the impact of adverse events;
- (v) audit arrangements; and
- (vi) arrangements to review the risk management programme.

10.1.2. These arrangements will provide a basis to make a comprehensive Annual Governance Statement within the Annual Report and Accounts.

10.1.3. The Director of Strategy is responsible for operational oversight of risk management.

## **11. Retention of Documents**

11.1.1. The Accounting Officer is responsible for ensuring systems are in place to maintain archives for all documents required to be retained in accordance with the appropriate guidance.

11.1.2. Monitor's latest [records management](#) policy can be found on the intranet.