

## **Schedule 2.1**

### **MODEL STANDING FINANCIAL INSTRUCTIONS FOR HEALTH EDUCATION AND IMPROVEMENT WALES**

**This Schedule forms part of, and shall have effect as if incorporated in  
the Health Education and Improvement Wales Standing Orders**

COVER SHEET IN HEIW FORMATTING TO BE  
INSERTED IF REQUIRED

## Foreword

These Model Standing Financial Instructions are issued by Welsh Ministers to Health Education and Improvement Wales “HEIW” using powers of direction provided in section 23 (1) of the National Health Service (Wales) Act 2006. HEIW must agree Standing Financial Instructions (SFIs) for the regulation of their financial proceedings and business. Designed to achieve probity, accuracy, economy, efficiency, effectiveness and sustainability in the conduct of business, they translate statutory and Welsh Government financial requirements for the NHS in Wales into day to day operating practice. Together with the adoption of Standing Orders (SOs), a Scheme of decisions reserved to the Board and a scheme of delegations to officers and others, they provide the regulatory framework for the business conduct of HEIW.

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

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

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# Health Education and Improvement Wales

## 1. INTRODUCTION

### 1.1 General

- 1.1.1 These Model Standing Financial Instructions are issued by Welsh Ministers to Health Education and Improvement Wales “HEIW” using powers of direction provided in section 23(1) of the National Health Service (Wales) Act 2006. HEIW must agree Standing Financial Instructions (SFIs) for the regulation of their financial proceedings and business. They shall have effect as if incorporated in the SOs.
- 1.1.2 These SFIs detail the financial responsibilities, policies and procedures adopted by HEIW. They are designed to ensure that HEIW's financial transactions are carried out in accordance with the law and with Welsh Government policy in order to achieve probity, accuracy, economy, efficiency, effectiveness and sustainability. They should be used in conjunction with the Schedule of decisions reserved to the Board and the Scheme of delegation adopted by HEIW.
- 1.1.3 These SFIs identify the financial responsibilities which apply to everyone working for HEIW. They do not provide detailed procedural advice and should be read in conjunction with the detailed financial procedure notes. All financial procedures must be approved by the Director of Finance and Audit and Assurance Committee.
- 1.1.4 Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of the Board Secretary or Director of Finance must be sought before acting. The user of these SFIs should also be familiar with and comply with the provisions of HEIW's Standing Orders “SOs”.

### 1.2 Overriding Standing Financial Instructions

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

### **1.3 Financial provisions and obligations of HEIW**

- 1.3.1 The financial provisions and obligations for Special Health Authorities, which relate to HEIW are set out under Sections 171, 172 and 173 of the NHS (Wales) Act 2006. The Board as a whole and the Chief Executive in particular, in their role as the Accountable Officer for the organisation, must ensure HEIW meets its statutory obligation to perform its functions within the available financial resources.

## **2. RESPONSIBILITIES AND DELEGATION**

### **2.1 The Board**

- 2.1.1 The Board exercises financial supervision and control by:

- a) Formulating the Medium Term Financial Plan as part of the medium term plan, reflecting longer-term planning and delivery objectives;
- b) Requiring the submission and approval of annual budgets within approved allocations/resource limits
- c) Defining and approving essential features in respect of important policies and financial systems (including the need to obtain value for money and sustainability); and
- d) Defining specific responsibilities placed on Board members and HEIW officers, and HEIW committees and Advisory Groups as indicated in the 'Scheme of delegation' document.

- 2.1.2 The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the 'Schedule of matters reserved to the Board' document. All other powers have been delegated to committees, sub-committees, joint committees or joint sub-committees that HEIW has established or to an officer of HEIW in accordance with the 'Scheme of delegation' document adopted by HEIW.

### **2.2 The Chief Executive and Director of Finance**

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

obligations and targets are met; and has overall responsibility for HEIW's system of internal control.

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

## **2.3 The Director of Finance**

- 2.3.1 The Director of Finance is responsible for:

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

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

## **2.4 Board members and HEIW officers, and HEIW Committees and Advisory Groups**

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

- a) The security of the property of HEIW;
- b) Avoiding loss;
- c) Exercising economy, efficiency and sustainability in the use of resources; and
- d) Conforming to the requirements of SOs, SFIs, Financial Procedures and the Scheme of delegation.

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

## **2.5 Contractors and their employees**

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

### **3. AUDIT, FRAUD AND CORRUPTION, AND SECURITY MANAGEMENT**

#### **3.1 Audit Committee**

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

#### **3.2 Chief Executive**

3.2.1 The Chief Executive is responsible for:

- a) Ensuring there are arrangements in place to review, evaluate and report on the effectiveness of internal control including the establishment of an effective Internal Audit function;
- b) Ensuring that the Internal Audit function meets the NHS mandatory audit standards in accordance with the Internal Audit Manual and provides sufficient independent and objective assurance to the Audit Committee and the Accountable Officer;
- c) Deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption;
- d) Ensuring that an annual Internal Audit report is prepared for the consideration of the Audit Committee and the Board. The report must cover:
  - a clear opinion on the effectiveness of internal control in accordance with guidance issued by the Welsh Ministers including for example compliance with control criteria and the Health and Care Standards,
  - major internal control weaknesses discovered,
  - progress on the implementation of Internal Audit recommendations,
  - progress against plan over the previous year, and
  - a detailed plan for the coming year.

### **3.3 Internal Audit**

- 3.3.1 The Accountable Officer Memorandum requires the Chief Executive to have an internal audit function that operates in accordance with the standards and framework set for the provision of Internal Audit in the NHS in Wales. This framework is defined within an Internal Audit Charter that incorporates a definition of internal audit, a code of ethics and Internal Audit Standards. Standing Order 9.1 details the relationship between the Head of Internal Audit and the Board. The role of the Audit Committee in relation to Internal Audit is set out within its Terms of Reference, incorporated in Schedule 3 of the SOs, and the NHS Wales Audit Committee Handbook.
- 3.2.2 The designated internal audit representatives are entitled without necessarily giving prior notice to require and receive:
- a) Access to all records, documents and correspondence that they consider relevant to their internal audits, studies, reviews and investigations, including documents of a confidential nature or which contains personal information;
  - b) Access at all reasonable times to any land or property owned or leased by HEIW;
  - c) Access at all reasonable times to Board members and HEIW officers;
  - d) The production of any cash, stores or other property of HEIW under a Board member or a HEIW official's control; and
  - e) Explanations concerning any matter under investigation.

### **3.4 External Audit**

- 3.4.1 Pursuant to the Public Audit (Wales) Act 2004 (C.23), the Auditor General for Wales (Auditor General) is the external auditor of HEIW. The Auditor General may nominate his representative to represent him and to undertake the required audit work.
- 3.4.2 The Auditor General has statutory rights of access to all documents and information that relate to the exercise of his audits, value for money examinations and improvement studies. The rights of access include access to documentation of a confidential nature or which contains personal information. The statutory access rights also require any person that the Auditor General thinks has information related to the discharge of his functions to give any assistance, information and explanation that he thinks necessary. They also require such persons to attend before the Auditor General and to provide any facility that he

and his representatives may reasonably require, such as audit accommodation and access to IT facilities. The rights apply not just to HEIW and its officers and staff, but also to, among others, suppliers to HEIW.

- 3.4.3 The Auditor General's independence in the exercise of his audit functions is protected by statute (section 8 of the Public Audit (Wales) Act 2013), and audit independence is required by professional and ethical standards. Accordingly, HEIW (including its Audit Committee) must be careful not to seek to fetter the Auditor General's discretion in the exercise of his functions. While HEIW may offer comments on the plans and outputs of the Auditor General, it must not seek to direct the Auditor General.
- 3.4.4 The cost of the audit is paid for by HEIW. HEIW's Audit Committee should assure itself that a cost-efficient external audit service is delivered. If there are any problems relating to the service provided, this should be raised with the Auditor General's representative and referred on to the Auditor General if the issue cannot be resolved.
- 3.4.5 The Auditor General's representative should be invited to attend every Audit Committee meeting. The cycle of approving and monitoring the progress of external audit plans and reports, culminating in the opinion on the annual report and accounts, is central to the core work of the Audit Committee.
- 3.4.6 The Auditor General's representatives should prepare an annual audit plan for consideration by the Audit Committee. The Audit Committee should formally consider and review the plan. The plan should set out details of the work to be carried out, providing sufficient detail for the Audit Committee and other recipients to understand the purpose and scope of the defined work and their level of priority. The Audit Committee should review the plan and the associated fees, although in so doing it needs to recognise the statutory duties of the Auditor General. The Audit Committee should consider material changes to the plan.
- 3.4.7 The Auditor General's representatives will liaise with Internal Audit when developing the annual audit plan. The Auditor General's representative will ensure that planned external audit work takes into account the work of Internal Audit to avoid duplication wherever possible.
- 3.4.8 The Auditor General also has powers to undertake Value for Money Examinations and Studies within HEIW and other public sector bodies. The Auditor General and his representatives have the same access rights in relation to these examinations and studies as they do in relation to annual audit work.

### **3.5 Fraud and Corruption**

- 3.5.1 In line with their responsibilities, HEIW Chief Executive and Director of Finance shall monitor and ensure compliance with Directions issued by the Welsh Ministers on fraud and corruption.
- 3.5.2 HEIW shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist (LCFS) as specified by the NHS Anti Fraud Manual Version 4.
- 3.5.3 The LCFS shall report to the HEIW Director of Finance and the LCFS must work with NHS Counter Fraud Authority (England) (formerly NHS Protect of the NHS Business Service Authority) and the NHS Counter Fraud Service Wales (CFSW) Team in accordance with the NHS Anti Fraud Manual.
- 3.5.4 The LCFS will provide a written report to the Director of Finance and Audit Committee, at least annually, on counter fraud work within HEIW.
- 3.5.5 HEIW must participate in the annual National Fraud Initiative. It must provide the necessary data for the mandatory element of the initiative by the due dates. The Audit Committee should consider HEIW's participation in additional dataset matching in order to support the detection of fraud across the whole public sector.

### **3.6 Security Management**

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

## **4. ALLOCATIONS AND FINANCIAL DUTY**

- 4.0.1 Revenue and Capital allocations are determined by the Welsh Ministers in accordance with its allotted health budget and distribution policy.
- 4.0.2 The Director of Finance of HEIW will:
  - a) Prior to the start of each financial year submit to the Board for approval a report showing the total allocations received, assumed in-year adjustments and their proposed distribution including any sums to be held in reserve;
  - b) Ensure that any ring-fenced or non-discretionary allocations are disbursed in accordance with Welsh Ministers' requirements;



- c) Periodically review any assumed in-year allocations to ensure that these are reasonable and realistic; and
- d) Regularly update the Board on significant changes to the initial allocation and the application of such funds.

4.0.3 HEIW is required by statutory provision not to breach its financial duty to secure that its expenditure does not exceed the aggregate of its resource allocations and income received. This duty applies separately to capital and revenue resource allocations. The Chief Executive has overall executive responsibility for HEIW's activities and is responsible to the Board for ensuring that it meets its financial duty as set out in section 172 of the National Health Service (Wales) Act 2006.

## **5. INTEGRATED PLANNING**

- 5.1 HEIW will prepare appropriate plans as required by legislation and the Welsh Government.
- 5.2 An annual business plan will be submitted to the Welsh Government setting out how the organisation will meet the requirements of the Cabinet Secretary's Remit Letter.
- 5.3 In addition, HEIW will prepare a medium term plan based over a period of three years. This plan must reflect longer-term planning and delivery objectives and should be continually reviewed based on latest Welsh Government policy and local priority requirements.
- 5.4 The Chief Executive will compile and submit to the Board, on an annual basis, the rolling 3 year plan. The Board approved plan will be submitted to Welsh Government in line with the requirements it has set out.
- 5.5 The remit letter, approved business plan and three year plan will form the basis of the accountability arrangements between HEIW and Welsh Government.
- 5.6 The Board will:
  - a) Approve the annual business plan and medium term plan prior to the beginning of the financial year of implementation. Following Board approval the Plan will be submitted to Welsh Government.
  - b) Approve a balanced annual budget as part of the annual business plan, which meets all statutory financial duties, probity and value for money requirements; and
  - c) Prepare and agree with the Welsh Government a robust and sustainable recovery plan in accordance with Welsh Ministers'

guidance where HEIW plan is not in place or in balance.

5.7 The first full annual business plan and three year plan will be required from the start of 2019/20 financial year.

## **6. BUDGETARY CONTROL**

### **6.1 Budget Setting**

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

- a) Include an annual budget for achieving compliance with HEIW's statutory financial balance to operate within its allocated resources
- b) Be in accordance with the aims and objectives set out in the medium term plan and Medium Term Financial Plan,
- c) Accord with Commissioning, Activity, Quality, Performance, Capital and Workforce plans;
- d) Be produced following discussion with appropriate budget holders;
- e) Be prepared within the limits of available funds;
- f) Take account of ring-fenced or specified funding allocations;
- g) Take account of the principles of sustainable development; and
- h) Identify potential risks.

6.1.2 The Director of Finance shall monitor financial performance against budget and plans and report the current and forecast position on a monthly basis and at every Board meeting. Any significant variances should be reported to HEIW members as soon as they come to light and the Board shall be advised on any action to be taken in respect of such variances.

6.1.3 All budget holders must provide information as required by the Director of Finance to enable budgets to be compiled and managed appropriately.

6.1.4 All budget holders will sign up to their allocated budgets at the commencement of the financial year

6.1.5 The Director of Finance has a responsibility to ensure that appropriate and timely financial information is provided to budget holders and that

adequate training is delivered on an on-going basis to assist budget holders managing their budgets successfully.

## **6.2 Budgetary Delegation**

6.2.1 The Chief Executive may delegate, via the Director of Finance, the management of a budget to permit the performance of a defined range of activities, including pooled budget arrangements under Regulations made in accordance with Section 33 of the NHS (Wales) Act 2006 (C.42). This delegation must be in writing and be accompanied by a clear definition of:

- a) The amount of the budget;
- b) The purpose(s) of each budget heading;
- c) Individual or committee responsibilities;
- d) Arrangements during periods of absence;
- e) Authority to exercise virement;
- f) Achievement of planned levels of service; and
- g) The provision of regular reports.

6.2.2 The Chief Executive, Director of Finance and delegated budget holders must not exceed the budgetary total or virement limits set by the Board.

6.2.3 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Executive, subject to any authorised use of virement.

6.2.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the Director of Finance.

## **6.3 Budgetary Control and Reporting**

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

- a) Financial reports to the Board in a form approved by the Board containing as a minimum:
  - income and expenditure to date showing trends and forecast year-end position,
  - movements in working capital,
  - movements in cash,
  - capital expenditure and projected outturn against plan,
  - explanations of any significant variances from plan,
  - details of any corrective action being taken as advised by the relevant budget holder and the Chief Executive's and/or Director of Finance's view of whether such actions are sufficient to correct the situation;

- b) The issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;
- c) Investigation and reporting of variances from financial, activity and workforce budgets;
- d) Monitoring of management action to correct variances;
- e) Arrangements for the authorisation of budget transfers.

6.3.2 Each Budget Holder is responsible for ensuring that:

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

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

## **6.4 Capital Expenditure**

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

## **6.5 Monitoring Returns**

6.5.1 The Chief Executive is responsible for ensuring that the appropriate monitoring returns are submitted to the Welsh Ministers in accordance with published guidance and timescales.

6.5.2 All monitoring returns must be supported by a detailed commentary signed by the Director of Finance and Chief Executive. This commentary should also highlight and quantify any significant risks with an assessment of the impact and likelihood of these risks maturing.

6.5.3 All information made available to the Welsh Ministers should also be made available to the Board. There must be consistency between the

Medium Term Financial Plan, budgets, expenditure, forecast position and risks as reported in the monitoring returns and monthly Board reports.

## **7. ANNUAL ACCOUNTS AND REPORTS**

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

## **8. SHARED AND HOSTED SERVICES ARRANGEMENTS**

- 8.0.1 Where HEIW uses a shared or hosted service provided by another NHS organisation to undertake part of its functions, these functions shall remain the ultimate responsibility of HEIW.
- 8.0.2 From 1<sup>st</sup> June 2012 the functions of managing and providing Shared Services to the health service in Wales were given to Velindre NHS Trust. The Trust established a Shared Services Committee (known for operational purposes as the Shared Services Partnership Committee) which is responsible for exercising the Trust's Shared Services functions. However, responsibility for the exercise of the Shared Services functions does not rest primarily with the Board of Velindre NHS Trust but is a shared responsibility of all LHBs and NHS Trust bodies in Wales.
- 8.0.3 A Senior Management Team, led by the Managing Director of Shared Services, is responsible for the delivery of Shared Services in accordance with an Integrated Medium Term Plan agreed by the Shared Services Partnership Committee. The Managing Director of Shared Services holds Accountable Officer status, and retains overall

accountability in relation to the management of Shared Services.

- 8.0.4 A Memorandum of Co-operation and a Hosting Agreement is in place between the LHBs and NHS Trusts within Wales setting out the obligations of LHBs and NHS Trusts to participate in the Shared Services Partnership Committee and to take collective responsibility for setting the policy and delivery of the Shared Services to the health service in Wales. The Hosting Agreement provides the terms upon which Velindre NHS Trust provides the legal framework for the management and provision of Shared Services to the NHS in Wales.
- 8.0.5 The Regulations for the Shared Services Committee presently do not encompass Strategic Health Authority members. HEIW will therefore have observer status on the Committee, until such time as the regulations are amended. Shared Services Partnership was established to provide shared services to the health service in Wales, and therefore can provide shared services to HEIW in accordance with agreed Service Level Agreements, until such time as HEIW becomes a full member of the Shared Services Committee, Memorandum of Co-operation and Hosting Agreement.

## **9. BANKING ARRANGEMENTS**

### **9.1 General**

9.1.1 The Director of Finance is responsible for managing HEIW's banking arrangements and for advising the Board on the provision of banking services and operation of accounts. This advice will take into account guidance/ Directions issued from time to time by the Welsh Ministers. HEIW is expected to use the Government Banking Service (GBS) for its banking services unless there is sound reasoning and value for money considerations to justify the use of commercial accounts.

9.1.2 The Board shall approve the banking arrangements.

### **9.2 Bank Accounts**

9.2.1 The Director of Finance is responsible for:

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

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

### **9.3 Banking Procedures**

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

- a) The conditions under which each bank account is to be operated;
- b) Those authorised to sign payable orders or other orders drawn on HEIW's accounts.

- 9.3.2 The Director of Finance must advise HEIW's bankers in writing of the conditions under which each account will be operated.
- 9.3.3 The Director of Finance shall approve security procedures for any payable orders issued without a hand-written signature e.g. automatically printed. All Payable Orders shall be treated as controlled stationery, in the charge of a duly designated officer controlling their issue.

#### **9.4 Tendering and review**

- 9.4.1 The Director of Finance will review banking arrangements of HEIW at regular intervals to ensure they reflect best practice and represent best value for money by periodically seeking competitive tenders for HEIW's banking business if commercial bank accounts are used.
- 9.4.2 Within the banking tendering process, a GBS (Government Banking Service) only account option must be included. Commercial bank accounts should only be used where there is sound reasoning and demonstrates value for money. The results of the tendering exercise should be reported to the Board.
- 9.4.3 A value for money review and tendering process is not necessary for GBS accounts.

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

#### **10.1 Income Generation**

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

#### **10.2 Income Systems**

- 10.2.1 The Director of Finance is responsible for designing and maintaining procedures to ensure compliance with systems for the proper recording, invoicing, and collection and coding of all monies due.
- 10.2.2 The Director of Finance is also responsible for ensuring that systems are in place for the prompt banking of all monies received.

#### **10.3 Fees and Charges**

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



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

#### **10.4 Debt Recovery**

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

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

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

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

#### **10.5 Security of Cash, Payment Orders and other Negotiable Instruments**

10.5.1 The Director of Finance is responsible for:

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

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

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

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

organisation or individuals absolving HEIW from responsibility for any loss.

- 10.5.5 The opening of coin operated machines (including telephone, if applicable) and the counting and recording of takings shall be undertaken by two officers together, except as may be authorised in writing by the Director of Finance and the coin box keys shall be held by a nominated officer.
- 10.5.6 During the absence (for example, on holiday) of the holder of a safe/cash box combination/key, the officer who acts in their place shall be subject to the same controls as the normal holder of the combination/key. There shall be written discharge for the safe and/or cash box contents on the transfer of responsibilities and the discharge document must be retained for inspection.

## **11. GRANT FUNDING, PROCUREMENT AND CONTRACTING FOR GOODS AND SERVICES**

### *Procurement or Grant Funding*

11.0.1 It is a matter for HEIW to determine whether individual activities should be procured, or be eligible to receive grant funding, seeking legal advice as necessary. (Grants are defined as all non-procured payments to external bodies or individuals for activities which are linked to delivering policy objectives and statutory obligations. Payments are made to fund or reimburse expenditure on agreed items or functions in accordance with legally binding conditions.)

### *Grant Funding*

#### **11.1 Policies and procedures**

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

<https://gov.wales/docs/dsjlg/publications/comm/140130-third-sector-scheme-en.pdf>

11.1.2 The Chief Executive is ultimately responsible for ensuring that HEIW's grant procedures:

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

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

#### **11.2 Corporate Principles underpinning Grants Management**

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

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

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

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

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

### 11.3 Grant Procedures

11.3.1 It is vital that money is put to use in a way that delivers the maximum benefit to the people of Wales. Grants funding programmes need to be managed as efficiently and cost effectively as possible to make sure that every penny is spent appropriately and in an accountable manner. When establishing grant funding programmes, HEIW should ensure principles of good practice available from a number of external sources are considered and reflected in grant programmes.

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

11.3.3 HEIW must agree a clear purpose for each grant and how it will

measure the delivery organisation's success in delivering those purposes. It should also agree appropriate targets with the delivery organisation.

11.3.4 For grant programmes that span a number of financial years, HEIW is responsible for evaluating the programmes to ensure they are fit for purpose, are achieving required outcomes and continue to provide value for money.

11.3.5 HEIW is required to undertake due diligence checks on all potential delivery organisations to determine the economic and financial viability of any organisation(s) to administer public funds, and the reliability of the organisation(s). These checks are important in order to identify any risks or issues that could expose HEIW to potential financial loss, fraud or reputational damage. A proportionate level of due diligence should be carried out, both prior to the award of any grant funding and throughout the life of the award.

11.3.6 HEIW must enter into legally binding funding agreements with all delivery organisations. When developing funding agreements, HEIW should ensure principles of good practice available from a number of external sources are considered and reflected.

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

### Procurement

## **11.4 Policies and procedures**

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

11.4.2 The Chief Executive is ultimately responsible for ensuring that HEIW's procurement, tendering and contracting procedures:

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

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

## **11.5 Procurement Principles**

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

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

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

## **11.6 EU Directives Governing Public Procurement**

11.6.1 EU Directives governing public procurement and UK Regulations implementing such Directives and setting out procedures for awarding all forms of regulated contracts shall have effect as if incorporated in HEIW's SFIs.

11.6.2 Procurements above certain thresholds are governed by the EU Public Procurement Directives and UK regulations (the Public Contracts Regulations 2015). Details of thresholds can be found here:- <https://www.ojec.com/Thresholds.aspx> . All Directors and their staff are responsible for seeing that those Directives are understood and fully implemented. The protocols set out in the EU Directives are the model upon which all formal procurement shall be based.

11.6.3 Specialist procurement advice should be taken in respect of EU Directives covering the procurement and tendering for health services, including primary care services, as this remains a complex area.

## **11.7 Sustainable Development**

11.7.1 The Well Being of Future Generations Act (2015) requires that bodies listed under the act must operate in a manner that embraces sustainability. The Act requires public bodies in Wales to think about the long-term impact of their decisions, to work better with people, communities and each other, and to prevent persistent problems such as poverty, health inequalities and climate change.

11.7.2 The Wellbeing objectives of the Welsh Government can be found on the following link : <https://gov.wales/statistics-and-research/well-being-wales/?lang=en>

11.7.3 Public sector organisations in Wales not listed in the act are expected to operate to those principles. HEIW is not specifically listed in the Act.

11.7.4 Public bodies need to make sure that when making their decisions they take into account the impact they could have on people living their lives in Wales in the future. The Act expects them to:

- work together better
- involve people reflecting the diversity of our communities
- look to the long term as well as focusing on now
- take action to try and stop problems getting worse - or even stop them happening in the first place.

11.7.5 HEIW shall make use of the tools developed by Value Wales in implementing the principles of the WBFGA (2015). HEIW shall benchmark its performance against the WBFGA (2015). For all contracts over £25,000, HEIW shall take account of social, economic and environmental issues when making procurement decisions using the Sustainable Risk Assessment Template (SRA).

## **11.8 Equality of opportunity**

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

## **11.9 Procurement Procedures**

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

- a) Requirements and exceptions to formal competitive tendering requirements;
- b) Tendering processes including post tender discussions;
- c) Requirements and exceptions to obtaining quotations;

- d) Evaluation and scoring methodologies
- e) Approval of firms for providing goods and services.

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

11.9.3 As a Special Health Authority, HEIW may:

- Acquire and dispose of property;
- Enter into contracts; and
- Accept gifts of property (including property to be held on trust).

11.9.4 Contracts exceeding the value of £1 million in each case, with the exception of those contracts specified in SO 11.9.6, all acquisitions and disposals of land of any limit, and the acceptance of gifts of property, must be notified to the Welsh Ministers before being entered into.

11.9.5 The guidance process for HEIW to notify their intent to enter into contracts exceeding £1 million is at **Schedule 2**.

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

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

11.9.7 The process of notification of contracts to the Welsh Ministers does not remove the requirement for HEIW to comply with SOs, SFIs or to obtain any other consents or approvals required by law for the transactions concerned.

11.9.8 Further detail in relation to fair and adequate competition is set out in **Schedule 1**.

## 11.10 Procurement Thresholds

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

Contract value (excl. VAT)	Minimum competition <sup>1</sup>
<£5,000	At discretion of DoF
£5,000 - £25,000	3 written quotations



£25,000 – OJEU threshold	4 tenders
Above OJEU threshold	5 tenders
Contracts above £1 million	Notification to Welsh Ministers <sup>2</sup>

1 subject to the existence of suitable suppliers

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

11.11.1 In accordance with Welsh Government policy set out in the Welsh Procurement Policy Statement (2015) HEIW shall ensure that it provides opportunities for these organisations to quote or tender for its business.

### **11.12 Contract Management**

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

11.12.2 Advice on best practice on Contract Management is available from Value Wales, through its [Procurement Route Planner](#).

## **12 CONTRACTS FOR EDUCATION AND TRAINING**

### **12.1 Education and Training Agreements**

12.1.1 The Chief Executive is responsible for ensuring HEIW enters into suitable Education and Training Agreements for its provision of healthcare professionals education and training.

12.1.2 All Education and Training Agreements should aim to implement the agreed priorities contained within the agreed plans. In discharging this responsibility, the Chief Executive should take into account:

- The standards of service quality expected;
- The standards required to be achieved by health professionals' regulatory bodies;
- The provision of education and training for students and / or trainees based within Health Boards and NHS Trusts in a high quality, safe environment;
- The provision of reliable information on cost and volume of service.

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

12.1.4 For all agreements entered into in the form of a contract, the process for notifying the Welsh Ministers of NHS contracts set out in section 11 and Schedule 2 of these SFIs must be followed.

12.1.5 For all agreements entered into they must be approved in accordance with delegations set out in Standing Orders:

- Schedule 1 Scheme of Reservation and Delegation of Powers – Schedule of Matters Reserved for Board.
- Schedule 1 Scheme of Reservation and Delegation of Powers – Scheme of Delegation to Executive Directors, Other Directors and Officers
- Schedule 1 Scheme of Reservation and Delegation of Powers – Delegated Financial Limits

## **12.2 Education and Training Agreements – Annual Commissioning and Variations**

12.2.1 The Chief Executive is responsible for ensuring HEIW enters into suitable annual commissioning and contract variations for Education and Training Agreements for its provision of healthcare professionals education and training.

12.2.2 All annual commissioning and contract variations within Education and Training Agreements should aim to implement the agreed priorities contained within the agreed plans. In discharging this responsibility, the Chief Executive should take into account:

- The standards of service quality expected;
- Current contract performance of suppliers regarding
  - Delivery against benchmarking standards
  - Course attrition rates
  - Quality indicators including student satisfaction surveys
  - Financial indicators performance
- Consultation with key stakeholders regarding requirements e.g. NHS Bodies, regulators and professional leads.

12.2.3 The Chief Executive is responsible for preparing a report to the Board recommending the annual commissioning and contract variations.

12.2.4 The Board is responsible for agreeing the proposed commissioning and contract variations, and for submission of recommendations to Welsh Government for Cabinet Secretary approval.

12.2.5 For all commissioning and contract variations entered into they must be approved in accordance with delegations set out in Standing Orders:

- Schedule 1 Scheme of Reservation and Delegation of Powers –

Schedule of Matters Reserved for Board.

- Schedule 1 Scheme of Reservation and Delegation of Powers – Scheme of Delegation to Executive Directors, Other Directors and Officers
- Schedule 1 Scheme of Reservation and Delegation of Powers – Delegated Financial Limits

### **12.3 Statutory provisions**

12.3.1 The Health Education and Improvement Wales (Establishment and Constitution) Order 2017 sets out the functions of HEIW.

12.3.2 Section 3 of the order requires HEIW to undertake functions in relation to the planning, commissioning and delivery of education and training for persons who are employed, or who are considering becoming employed, in any activity which involves or is connected with the provision of health services

### **12.4 Reports to Board on Contracts for Education and Training**

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

## **13. PAY EXPENDITURE**

### **13.1 Remuneration and Terms of Service Committee**

13.1.1 This Standing Financial Instruction should be read in conjunction with Standing Order 3.3.

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

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

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

13.1.5 HEIW will pay allowances to the Chair, Chief Executive, Executive Directors and Independent Members of the Board in accordance with instructions issued by the Welsh Ministers. Welsh Ministers approval will be required in the exceptional event that remuneration needs to be above the maximum of the salary band range, administratively this approval will be exercised by the Director General HSSG.

## **13.2 Funded Establishment**

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

13.2.2 The funded establishment of any department may not be varied without the approval of the Chief Executive as set out in the Scheme of Delegation contained within SO's.

## **13.3 Staff Appointments**

13.3.1 No Board member or HEIW official may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration outside the limit of their approved budget and funded establishment unless authorised to do so by the Chief Executive.

13.3.2 The Board will approve procedures presented by the Chief Executive for the determination of commencing pay rates, condition of service, etc, for employees in accordance with pay, terms and conditions set out in contractual arrangements for Agenda for Change, Medical and Dental and Executive & Senior Posts as agreed by Welsh Ministers.

## **13.4 Payroll**

13.4.1 The Director of Workforce and Organisational Development is responsible for:

- a) Securing the provision of an efficient, value for money payroll service;
- b) Specifying timetables for submission of properly authorised time records and other notifications;
- c) The final determination of pay and allowances including verification that the rate of pay and relevant conditions of service are in accordance with current agreements;
- d) Agreeing the timing and method of payment with the payroll service;
- e) Authorising the release of payroll data where in accordance with the provisions of the Data Protection Act 2018 (C.12);

- f) Verification and documentation of data;
- g) The timetable for receipt and preparation of payroll data and the payment of employees and allowances;
- h) Maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
- i) Security and confidentiality of payroll information;
- j) Checks to be applied to completed payroll before and after payment;
- k) A system to ensure the recovery from those leaving the employment of HEIW of sums of money and property due by them to HEIW.

13.4.2 The Chief Executive is responsible for:

- a) Ensuring that any shared or hosted service arrangement is supported by appropriate contract terms and conditions, adequate internal controls and audit review procedures;
- b) Ensuring a sound system of internal control and audit review of any internally provided payroll service;
- c) Maintenance and/or the authorisation of regular and independent reconciliation of pay control accounts.

13.4.3 Appropriately nominated managers have delegated responsibility for:

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

## **13.5 Contracts of Employment**

13.5.1 The Board shall delegate responsibility to the Director of Workforce and Organisational Development for:

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

## **12. NON-PAY EXPENDITURE**

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

### **14.1 Delegation of Authority**

14.1.1 The Chief Executive will approve the level of non-pay expenditure and the operational scheme of delegation and authorisation to budget holders and managers within the parameters set out in HEIW's Scheme of delegation and Delegated Financial Limits.

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

- a) The list of managers who are authorised to place requisitions for the supply of goods and services; and
- b) The maximum level of each requisition and the system for authorisation above that level.

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

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

### **14.2 Requisitioning**

14.2.1 The budget manager in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for HEIW by asking the procurement to undertake quotation / tendering exercises on their behalf. In so doing, HEIW's approved supply contract / catalogue shall be used. Where a required item is not included within the catalogue, advice must be sought from HEIW's procurement advisor. All orders for goods and services must be accompanied by an official order number, available from the Procurement Department. In

no circumstances must a requisition number be used as an order number.

### **14.3 The Director of Finance's responsibilities**

#### **14.3.1 The Director of Finance will:**

- a) Advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in SOs and SFIs and regularly reviewed;
- b) Prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services;
- c) Ensure systems are in place for the prompt payment of all properly authorised accounts and claims;
- d) Ensure systems are in place for providing a system of verification, recording and payment of all amounts payable. The system shall provide for:
  - (i) A list of Executive Directors and officers (including specimens of their signatures) authorised to certify invoices.
  - (ii) Certification that:
    - goods have been duly received, examined and are in accordance with specification and the prices are correct,
    - work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct,
    - in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined,
    - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained,

- the account is arithmetically correct,
  - the account is in order for payment.
- (iii) For the early submission of accounts subject to cash discounts or otherwise requiring early payment.
- e) Ensure systems are in place for ensuring that payment for goods and services is only made once the goods and services are received. The only exceptions to this are set out in SFI 14.4.
- f) Be responsible for ensuring compliance with the Public Sector Payment policy ensuring that a minimum of 95 percent of creditors are paid within 30 days of receipt of goods or a valid invoice (whichever is later) unless other payment terms have been agreed.

## 14.4 Prepayments

14.4.1 Prepayments are only permitted where either:

- The financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to Net Present Value (NPV) using the National Loans Fund (NLF) rate plus 2%);
- It is the industry norm e.g. courses and conferences;
- There is specific Welsh Ministers' approval to do so e.g. for charitable or voluntary organisations as set out in the Code of Practice for funding the Third Sector  
<https://gov.wales/docs/dsijlg/publications/comm/140130-third-sector-scheme-en.pdf>

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

- a) The appropriate Executive Director must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on HEIW if the supplier is at some time during the course of the prepayment agreement unable to meet their commitments;
- b) The Director of Finance will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold); and
- c) The budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate Director or Chief



Executive if problems are encountered.

## **14.5 Official orders**

14.5.1 Official Orders must:

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

## **14.6 Duties of Budget Holders and Managers**

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

- a) All contracts (except as otherwise provided for in the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Director of Finance in advance of any commitment being made;
- b) Contracts above specified thresholds are advertised and awarded in accordance with EU and HM Treasury rules on public procurement;
- c) Contracts above specified thresholds are approved by the Welsh Ministers prior to any commitment being made;
- d) Where consultancy advice is being obtained, the procurement of such advice must be in accordance with any guidance issued by the Welsh Ministers and internal procedures;
- e) No order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to Board members or HEIW officers, other than:
  - (i) Isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars,
  - (ii) Conventional hospitality, such as lunches in the course of working visits;

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

- f) No requisition/order is placed for any item or items for which

there is no budget provision unless authorised by the Director of Finance on behalf of the Chief Executive;

- g) All goods, services, or works are ordered on an official orders except works and services executed in accordance with a contract and purchases from petty cash;
- h) Verbal order numbers must only be issued very exceptionally only in cases of emergency or urgent necessity and only by an officer designated by the Chief Executive. These must be confirmed by an official order and clearly marked "Confirmation Order";
- i) Orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- j) Goods are not taken on trial or loan in circumstances that could commit HEIW to a future uncompetitive purchase;
- k) Changes to the list of Board members and HEIW officers authorised to certify invoices are notified to the Director of Finance;
- l) Purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance; and
- m) Petty cash records are maintained in a form as determined by the Director of Finance.

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

### **13. CAPITAL INVESTMENT, FIXED ASSET REGISTERS AND SECURITY OF ASSETS**

#### **15.1 NHS Capital Investment**

##### **15.1.1 The Chief Executive:**

- a) Shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon plans;
- b) Is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time

and to cost; and

- c) Shall ensure that any capital investment above the Welsh Ministers' delegated limit ( i.e. other than discretionary capital) is not undertaken without approval of the Welsh Ministers and that confirmation of capital resources has been received;
- d) Shall ensure that an annual capital programme is agreed by the Board prior to the commencement of the financial year;
- e) Shall ensure the availability of resources to finance all revenue consequences of the investment, including capital charges; and
- f) Shall ensure that any 3<sup>rd</sup> party use of NHS estate is properly controlled, reimbursed and reported. This will include ensuring that appropriate security, insurance and indemnity arrangements are in place and that there is a written agreement as to each party's responsibilities and liabilities.

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

- a) That a business case is produced in line with the NHS Infrastructure Investment Guidance;
- b) That the Director of Finance has sought appropriate professional advice from HEIW and external agencies in the preparation of capital expenditure costs, and on that basis professionally certifies the capital costs and revenue consequences detailed in the business case.

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

15.1.4 The Director of Finance shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure – and where applicable, provide returns to the Welsh Government.

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

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

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

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

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

## **15.2 Capital Financing with the Private Sector**

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

## **15.3 Asset Registers**

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

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

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

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

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

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

asset registers.

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

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

#### **15.4 Security of Assets**

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

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

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

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

15.4.4 Whilst individual officers have a responsibility for the security of property of HEIW, it is the responsibility of Board members and senior HEIW officers in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the Board. Any breach of agreed security practices must be reported in accordance with agreed procedures.

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

losses.

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

## **14. STORES AND RECEIPT OF GOODS**

### **16.1 General position**

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

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

### **16.2 Control of Stores, Stocktaking, condemnations and disposal**

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

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

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

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

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

16.2.6 The designated Manager shall be responsible for a system approved by the Director of Finance for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Director of Finance any evidence of significant overstocking and of any negligence or malpractice (see also overlap with SFI 17, Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

### **16.3 Goods supplied by an NHS supplies agency**

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

## **17. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS**

### **17.1 Disposals and Condemnations**

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

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

17.1.3 All unserviceable articles shall be:

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

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

### **17.2 Losses and Special Payments**

17.2.1 Losses and special payments are items that the National Assembly for Wales would not have contemplated when it agreed funds for NHS Wales or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments, and special notation in the accounts to draw them to the attention of the National

Assembly for Wales.

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



Welsh Risk Pool or from other commercial insurance arrangements.

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

17.2.12 All novel, contentious and repercussive cases must be referred to the Welsh Government's Department for Health and Social Services – Financial Control & Governance Team, irrespective of the delegated limit.

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

17.2.14 HEIW must obtain the HSSG Director General's approval for special severance payments.

## **18. INFORMATION MANAGEMENT AND TECHNOLOGY**

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

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

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

### **18.2 Responsibilities and duties of the responsible Director**

18.2.1 The responsible Director for IM&T has responsibility for the accuracy and security of the computerised data of HEIW and shall:

- a) Devise and implement any necessary procedures to ensure adequate (reasonable) protection of HEIW's data, programs and computer hardware for which they are responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 2018 (C.12);
- b) Ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure

security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;

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

### **18.3 Responsibilities and duties of the Director of Finance**

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

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

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

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

### **18.5 Risk assurance**

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

## **19. FUNDS HELD ON TRUST**

## **19.1 Corporate Trustee**

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

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

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

## **19.2 Accountability to Charity Commission and the Welsh Ministers**

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

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

19.2.3 HEIW shall make appropriate arrangements for the audit of Funds held on Trust in accordance with Charity Commission requirements.

## **19.3 Applicability of Standing Financial Instructions to funds held on Trust**

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

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

## **20. RETENTION OF RECORDS**

### **20.1.1 Responsibilities of the Chief Executive**

20.1.2 The Chief Executive shall be responsible for maintaining archives for all

records required to be retained in accordance with the Welsh Ministers' guidance, the Data Protection Act 2018 (c.12), the General Data Protection Regulation 2018 and the Freedom of Information Act 2000 (c.36).

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

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

# Schedule 1

## PROCUREMENT OF WORKS, GOODS AND SERVICES

### Supplementary Guidance

**This Schedule forms part of, and shall have effect as if incorporated in the HEIW Standing Financial Instructions**

#### 1. General

- 1.1 This document provides supplementary guidance to HEIW SFIs Section 11. This guidance provides a high level governance framework and is not intended to act as a detailed procurement manual. Specific NHS guidance may also be found on the Welsh Government web site and guidance on best practice procurement can be found in the *Procurement Route Planner*, on the *National Procurement Web Site* <http://prp.gov.wales>. This guidance, together with all procurement guidance issued by the Welsh Ministers shall have effect as if incorporated in the SFIs.
- 1.2 The term "procurement" embraces the complete process from sourcing to taking delivery of all works, goods and services required by HEIW, and furthermore embrace all building, equipment, consumables and services including health services. Procurement further embraces contract and/or supplier management. EU Directives and UK regulations (including UK Public Contracts Regulations 2015 (2015/102)) exist covering the whole field of procurement, and these Directives set thresholds above which special and demanding procurement protocols and legal requirements apply. All Directors and their staff are responsible for ensuring that those Directives are understood and fully implemented. The protocols set out in the EU Directives are the model upon which all formal procurement shall be based. For the purpose of clarity it should be highlighted that the total value of the contract over its entire period is the qualifying sum that should be used to which the EU thresholds should be applied, save for contracts subject to aggregation rules or of an indeterminate duration.
- 1.3 The main legal and governing principles guiding public procurement are:
- Transparency: public bodies should ensure that there is openness and clarity on procurement processes and how they are implemented;

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

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

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

- Duty of equality;
- Any requirement for the Welsh Ministers to be notified of any proposed contracts and specifically to be notified of contracts let above £1 million;
- The reporting arrangements for contracts that fall below £1 million;
- Public Sector Business Cases using the 5-case model;
- Estatecode;
- The Welsh Procurement Policy Statement - 2015
- Procurement and the Third Sector: Guidance for the public sector in Wales, which provides guidance on how to best work with voluntary and not for profit organisations;
- Supported Factories and Businesses Frequently Asked Questions, which provides legal guidance on how work can be reserved for organisations where more than 50% of the workers are disabled;

- Community Benefits Methodology, which provides guidance on how to work with contractors so that economically inactive people can be employed via major public sector contracts;
- Supply Void Methodology, which provides guidance on how to identify opportunities for Wales based suppliers in the supply chain;
- Construction Procurement Strategy, which sets out the Welsh Ministers' approach to construction projects;

- 1.6 HEIW should also follow any other best practice requirements as set out by Value Wales and available on its National Procurement Web Site.
- 1.7 For all procurement activities, HEIW will ensure it has processes in place to obtain best value for money. The Director of Finance shall ensure that there is a suitably qualified and experienced officer who shall oversee and manage procurement on behalf of HEIW.
- 1.8 Best value for money in a procurement context is defined as the "optimum combination of whole life costs and quality (or fitness for purpose) to meet the user's requirements". This may not be the lowest price.
- 1.9 All relevant legislation should also be incorporated into procurement policies including the need to conduct Equality Impact Assessments.

## **2. Ordering**

- 2.1 No goods or services shall be ordered except on an official order or through a specialised bespoke contract (e.g. IT systems), and contractors shall be notified that they should not accept orders other than in an official form or against a bespoke contractual arrangement.
- 2.2 Orders shall only be placed in accordance with the operational scheme of delegation and authorisation as approved by the Chief Executive. As it is the order that commits HEIW to expenditure, there must be tight control on the provision of requisitioning and ordering processes to those staff authorised to raise requisition / orders on behalf of HEIW.
- 2.3 In the case of an emergency, verbal orders can be issued by an authorised officer only, as set out in HEIW's scheme of delegation, and must be accompanied by an official order number. The order shall be confirmed electronically and/or in writing as soon as possible and in any case within 5 working days.

## **3. Quotations**

- 3.1 Invitations to quote shall be issued in accordance with HEIW's Quotation Procedure.

- 3.2 For goods and services (including building and engineering) of a value between £5,000 and £25,000 exclusive of VAT, three or more written competitive quotations are to be sought. In determining which quotation is the best value HEIW may take into account whole life costs such as price, delivery date, running costs, cost effectiveness, quality, aesthetic and functional characteristics, technical merit, after sales services and technical assistance or clinical reasons. However, where the lowest quotation is not accepted, a formal written record is to be maintained as to why the lowest was not acceptable.
- 3.3 For goods and services of a value less than £5,000 exclusive of VAT, quotations shall be sought at the discretion of the Director of Finance or authorised officer.
- 3.4 Where it is intended that stage payments be made on a scheme the companies invited to quote shall be subject to a full financial vetting process.
- 3.5 Where the required number of quotations is not available the Director of Finance or nominated deputy in their absence shall be authorised to accept a lower number subject to the principles of fair competition. A record of the decision will be kept for audit purposes.
- 3.6 Single quotations shall be the exception. They shall only be called for when a single firm or contractor or a proprietary item or service of a special character is required and must be formally authorised by the Director of Finance. A detailed record shall be maintained by HEIW and reported to the Audit & Assurance Committee.
- 3.7 As soon as practicable after the date and time stated as being the latest time for receipt of quotations they shall be opened by two persons as set out in HEIW's scheme of delegation and who are independent of the person who has issued the request for quotation. Where the quotes are issued and received electronically, they shall be handled in accordance with the Electronic Tendering / Quotations Code which is set out in section 7.
- 3.8 Where the quotation is received in written format, the date and time of receipt of each quotation shall be endorsed on the unopened quotation envelope and a record made of its receipt on the schedule of quotations. Where the quotation is received electronically, it shall be handled in accordance with the Electronic Tendering / Quotations Code which is set out in section 7.

#### **4. Competitive Tendering**

- 4.1 Procurement of all works, goods and services, (including building and engineering) in excess of £25,000 exclusive of VAT, is to be by competitive tendering, taking care that where the estimated procurement value exceeds EU thresholds, the appropriate advertisement is placed in the Official Journal of the European Union. All such contracts shall be advertised via [www.sell2wales.gov.wales](http://www.sell2wales.gov.wales). Care must be exercised where potential



contracts are mixed to identify which category the procurement falls into i.e. services, works or supplies. It is the total contract value exclusive of VAT over the period of contract and not the annual value to which the limits relate (total value of all goods and services required) as set out in the Public Contracts Regulations 2015 (2015/102). Any attempt to avoid these limits may expose HEIW to risk of legal challenge and result in disciplinary action against an individual[s].

- 4.2 Single tender action shall only be permitted when a single firm or contractor or a proprietary item or service of a special character is required and as set out in law. Single tender action shall only be employed following a formal submission and with the express written authority of the Chief Executive, or designated deputy having taken into consideration due regard of procurement requirements. A detailed record shall be maintained by the Chief Executive. All single tender action and extension of contracts must be reported to the Audit & Assurance Committee.
- 4.3 HEIW's competitive tendering/quotation procedures may be waived where the HEIW has legitimate access to a National Framework Agreement / All Wales contract or Supplies Consortium contract provided that the rules under such contract or framework agreement are adhered to.

## **5. Invitation to Tender**

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

- 5.5 The time allowed for the submission of bids shall be advised to all contractors invited to tender and shall be proportionate to the complexity of the procurement. Extensions of time shall not normally be permitted, but if for exceptional reasons an extension is required, then all potential tenderers shall be so informed and afforded the additional time. All such extensions are to be notified in writing or by email as well as by telephone. In the event of tenders already having been submitted by certain contractors they may be permitted to reconsider their bid.

## **6. Pre-tender discussions**

- 6.1 In accordance with Public Contracts Regulations (2015) provision 40, where appropriate, and being careful to maintain fairness, HEIW may:
- a) Make pre-tender contact with the market to discuss and clarify the specification and requirements, particularly if it is complex or unusual; and
  - b) Offer potential bidders opportunities to discuss and clarify any potential ambiguity about the interpretation of the services specification or requirement before tenders are submitted.
- 6.2 Prior to any officer entering into such discussions, advice must be sought from the procurement department who should also be afforded the opportunity to be party to any discussions.

## **7. Electronic Tendering / Quotations Code**

### *Introduction*

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

### *Invitation to tender*

- 7.5 All electronic tenders shall be invited via the secure externally hosted web site supporting the electronic tender Application.
- 7.6 A Service Level Agreement must be signed by Value Wales and the

web site host, on behalf of the Welsh Public Sector, and should include the ability for HEIW to examine security procedures at the host site when required and to have access to any relevant security audit reports.

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

*Receipt of tenders*

- 7.14 The System shall accept and store the tender returns in accordance with paragraphs 7.17 to 7.24 below.
- 7.15 Tenders will be completed and submitted in the secure external web site.

- 7.16 Tenderers who miss the closing date for receipt of tenders shall have no further opportunity to post bids to the external web site for that particular tender issue.

*Opening and validity of tenders*

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

*Monitoring contracts*

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

**8. Delivery, Receipt and Safe Custody of Tenders**

- 8.1 This section relates to paper based procurement and should only apply in exceptional circumstances.
- 8.2 The time allowed for the submission of the tender shall depend on the scope

and value of the goods or services. Tenders shall not be invited for return on public and bank holidays, nor on days prior to such holidays. The date and time of receipt of each tender shall be endorsed on the unopened tender envelope/packaging/label, and a record kept of its receipt in the 'Tender Received' log and later, on opening, in a properly constituted register.

- 8.3 The Director of Finance is responsible for the receipt, endorsement and safe custody of tenders until the time appointed for their opening and for the maintenance of records. The tender envelope must be retained after opening together with the opened tender documents and collected by the initiator of the tender.
- 8.4 If a tender is received after the date and time specified for return, and the other tenders have not yet been opened, then the Director of Finance, or in their absence a nominated deputy, shall have authority to decide whether or not the tender is to be considered valid. If considered valid, the tender should be included and opened in accordance with Section 8. If considered invalid, then it should be held until the valid tenders have been opened and listed as described in Section 8. It should then be opened solely for the purpose of determining the name and address of the company or trader and the party who invited the tender shall be responsible for returning the tender to its sender with a covering note to the effect that it had been received too late for inclusion in the competition.
- 8.5 All tender documents and envelopes once assessed shall be retained in secure storage. All contracts under seal i.e. deeds (inc. tenders) to be retained for a minimum of 12 years; contracts under hand for a minimum of 6 years; unsuccessful tender documents for 6 years.

## **9. Opening and Validity of Tenders**

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

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

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

- 9.4 A record shall be maintained of all price alterations on tenders. Where a price has apparently been altered, the final price shown shall be recorded. The record shall be signed by those present at the opening. The use of liquid paper on any pages of the tender may invalidate the tender submission.
- 9.5 Tender documents, which do not comply with the guidelines issued with each invitation to tender, shall be invalidated, recorded accordingly and returned to the sender.

## **10. Evaluation, Acceptance and Extension of Tenders**

- 10.1 Incomplete tenders, that is those from which information necessary for the adjudication of the tender is missing, and amended tenders, that is those amended by the tenderer upon his own initiative in writing after the due time for receipt, should be dealt with by a Tender Adjudication Panel to ensure there is no unfair advantage given to any tenderer.
- 10.2 Evaluation of tenders shall be entrusted to the appropriately qualified and experienced staff with the appropriate knowledge and skills to ensure that tenders are assessed in a robust and fair manner. This group shall be responsible for making a recommendation to the Chief Executive or where this has been formally delegated to the nominated committee, project board or officer that has the authority to approve such recommendations.
- 10.3 There is no legal requirement for HEIW to accept any tender or award any contract or part of a contract, and HEIW, may if it so adjudges, not proceed further at this stage. Evaluation shall be determined by either the lowest price or most economically advantageous tender.
- 10.4 In determining which tender is the most economically advantageous HEIW may take into account such matters as price, delivery date, running costs, cost effectiveness, quality, aesthetic and functional characteristics, technical merit, after sales services and technical assistance or clinical reasons. The final criteria (and any sub criteria) being used to evaluate tenders must be

agreed and published to bidders/ interested parties, no later than the ITT (Invitation to Tender) stage and must be supported by an equitable and transparent weighting and scoring methodology in accordance with EU Procurement Regulations. Particular reference must be made, where this is pertinent, to Sustainable Development as evaluation criteria.

- 10.5 The area of environmental and sustainable purchasing is a developing one and advice must be sought from procurement professionals in terms of the options and issues around this matter. This will include issues around the use of sustainable products, cost implications, use in specifications, evaluation and value for money.
- 10.6 Necessary discussions with a tenderer to clarify technical aspects of his tender before the award of a contract need not disqualify the tender provided the discussions and changes to the tender are not material. Clarification of the technical aspects shall be confirmed by the tenderers in writing. Clarifications on commercial matters should only be undertaken by exception providing that such clarifications do not distort competition. The procurement department must be informed and involved in any such commercial clarifications to ensure probity and audit compliance.
- 10.7 HEIW shall confirm that referees are in a position to comment authoritatively on the capacity to provide the goods or services being tendered for, that referees have no potential conflicts of interest, and that all references are fully recorded and retained.
- 10.8 Subject to complying with any legal requirements and agreed contract conditions, a contract may be modified or extended in accordance with the Public Contracts Regulations (2015) provision 72. Such extension must have the express approval of the Chief Executive or designated deputy in their absence. Where a contract was advertised and includes a legal clause providing the option to extend, such approval is not required unless there is a change to any of the current contract terms and conditions including price. Any contract extensions must be reported to the Audit Committee.

## **11. Post Tender Discussions**

- 11.1 Post tender discussions [PTD] consists of clarifications with suppliers after receipt of formal tenders/quotations from suppliers but before letting a contract in the content of an offer without:
  - Disadvantaging other tenderers;
  - Distorting competition;
  - Adversely affecting trust in the competitive tendering process;
- 11.2 Probity and transparency are required in PTD to ensure that a “Dutch auction” position is not conducted, i.e. one bidder being traded off with another.
- 11.3 PTD is a specialist area of activity and professional procurement

support is essential to ensure fairness and equity where PTD is considered appropriate and justified.

- 11.4 More information on PTD best practice is available from the [Value Wales](#) website.

## **12. Notification of Results of Tenders**

- 12.1 All unsuccessful tenderers must be advised in writing within seven working days of the award of the contract where this is below the OJEU threshold value. For OJEU procurements, the requirements of the Public Contracts Regulations 2015 (2015/102) shall apply including debriefing and placement of a mandatory 10 day (Alcatel ruling) Standstill period.

## **13. Contracts**

- 13.1 HEIW may only enter into contracts within the statutory powers delegated to it by the Welsh Ministers and in accordance with EU Procurement Law and UK Procurement Regulations.
- 13.2 In every contract document a clause shall be included to secure that HEIW shall be entitled to cancel the contract and to recover from the contractor the amount of any loss resulting from such cancellation, if the contractor shall have prepared his tender in collusion with others or shall have offered or given or agreed to give any person any gift or consideration of any kind as an inducement or reward for doing or forbearing to do, or having done or forborne to do, any action in relation to the obtaining or execution of the contract or any other contract with HEIW or if the like acts shall have been done by any person employed by him acting on his behalf (whether with or without the knowledge of the contractor) or if in relation to any contract with HEIW the contractor or any persons employed by him or acting on his behalf shall have committed an offence under the Prevention of Corruption Acts 1906 (c.34) and 1916 (c.64) and the Public Bodies Corrupt Practices Act 1889 (c.69), the Bribery Act 2010 and as defined in the Standards of Business Conduct for Employees of HEIW.
- 13.3 Any contracts under £25,000 exclusive of VAT may be let by exchange of simple forms of contracts or official orders at the discretion of the Director of Finance provided that the following are specified:
- The work, materials, matters, or goods to be provided or undertaken,
  - The price to be paid and payment terms, with a statement of discount or other deduction if any,
  - The time or times within which the contract is to be delivered.

## **14. Contract Management**



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

## **15. Collaborative Contracts**

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

## **16. Construction Procurement**

- 16.1 Construction procurement undertaken by HEIW will be conducted in accordance with the Welsh Government's Construction Procurement Strategy and the general principles of the OGC Achieving Excellence (AEC) in Construction initiative as applicable to NHS Wales.
- 16.2 HEIW will engage with NHS Wales Shared Services Partnership – Facilities Services (NWSSP-FS) making use of the Designed for Life framework as appropriate for projects valued in excess of £6m. For procurement of projects below £6m, the latest guidance from NWSSP-FS should be followed.

## **17. Disposals**

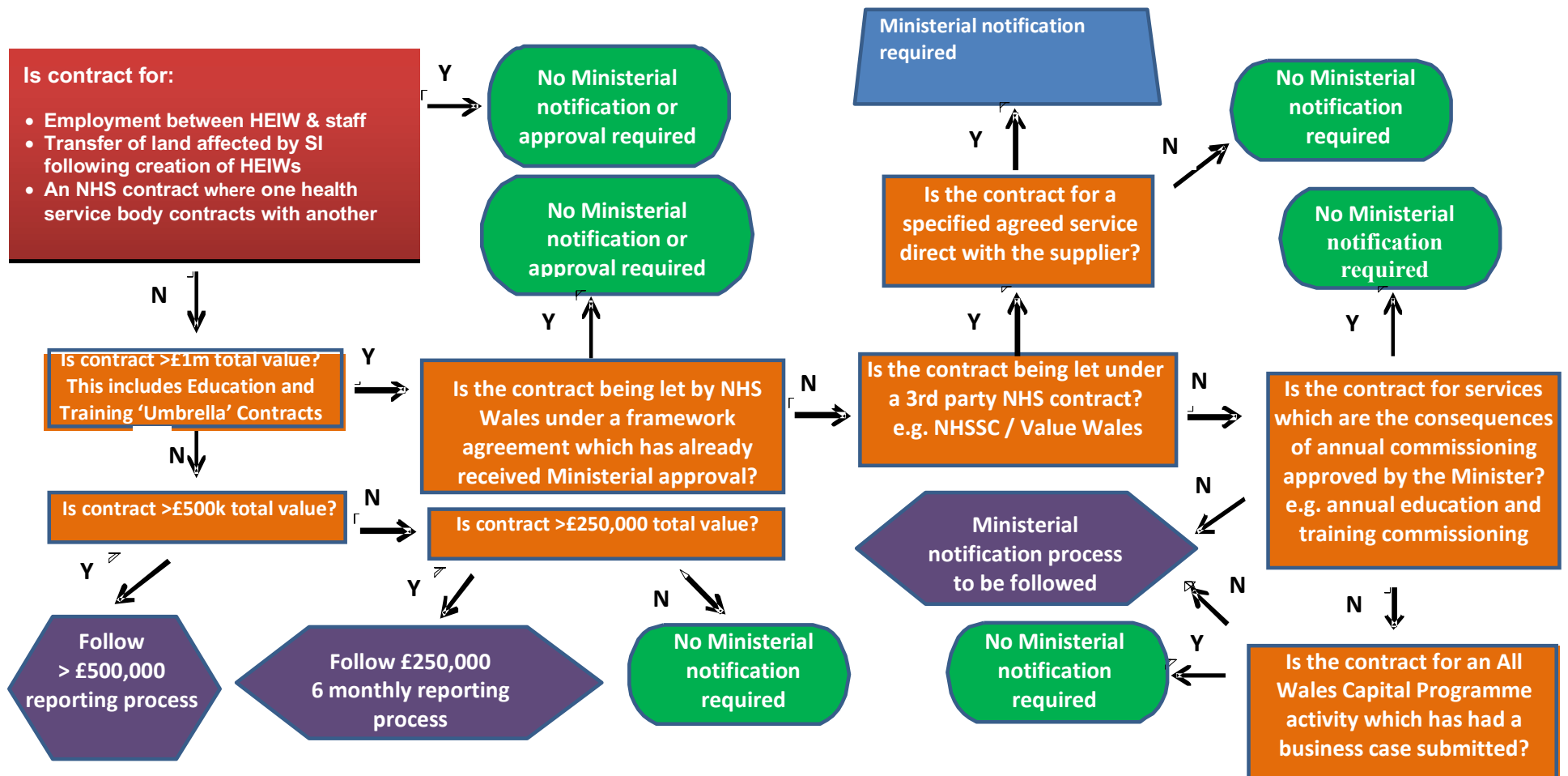
- 17.1.1 Competitive Tendering or Quotation procedures is discretionary in respect of

the disposal of:

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

## **Schedule 2**

### **Contract Notification Process to Welsh Ministers Appendix 1: Consent and Monitoring Decision Tree**



# Appendix 2

## How to Provide Initial Briefing

1. HEIW should, at the contract planning stage consider whether it is a contract for which they are required to notify the Welsh Ministers. The contract planning stage is either the 'contract planning stage' as set out in the Shared Services Procurement guidance, if following a Shared Service Procurement process, or at the point at which sufficient information is known to have clarity around the specification requirements.
2. As an aid to determining whether the contract requires notification to the Welsh Ministers a decision tree is provided at Appendix 1 covering different contractual arrangements and their treatment. Any queries at this stage as to whether approval is needed should be directed to [Kim.Jenkins@gov.wales](mailto:Kim.Jenkins@gov.wales), cc'd to Robert.Eveleigh@gov.wales.
3. If HEIW decides that they wish to pursue a contract that should be notified to the Welsh Ministers (i.e. one which exceeds £1million) they should send the Contract Briefing Paper along with any supporting documentation via e-mail to [Kim.Jenkins@gov.wales](mailto:Kim.Jenkins@gov.wales) cc'd to Robert.Eveleigh@gov.wales. The Contract Briefing Paper form can be obtained from the Procurement Services website under the section for Policies, Procedures and Forms under the 'staff' tab (guidance or a copy of the form can be obtained from your Procurement Department) <http://www.procurement.wales.nhs.uk/>
4. The Contract Briefing Paper form should be provided at the 'contract planning stage' if following a Shared Service Procurement process, or at the point at which sufficient information is known to have clarity around the specification requirements.
5. Timely provision of Initial Briefing for Ministerial review is crucial to the smooth running of the approval process.
6. Within the Contract Briefing Paper explanation is sought for Private Sector Procurement Rationale, this is the explanation as to why the goods / services were sought from the private sector, rather than in-house NHS delivery. The purpose of this section is to explain what options were considered including in-house delivery and reasons for private sector procurement e.g. value for money, service quality, capacity etc. The degree of detail required here will range dependant upon the goods or services being procured. If the contract is for the provision of goods which can only be bought from the private sector the rationale for private sector procurement is straightforward – as the only source of the goods is the private sector. If such a contract is being pursued under a strategy or policy direction this should be cited in the rationale.

7. Framework contracts. This information should be provided for the tender and letting of the overall framework contract. It will not generally be necessary to provide this information for subsequent individual contracts entered into if exceeding £1million.
8. These processes do not apply to All Wales Capital Programme contracts, as the application, business case and approvals process for such activity already encompasses Welsh Ministers approval.
9. These processes do not apply to situations where NHS Wales bodies access services which have been contracted for by a third party body e.g. Value Wales or NHS Supply Chain. In these situations NHS Wales is not the contracting body. However, if under such arrangements HEIW enters into a contract with a supplier for specified goods or services, this would be subject to the processes outlined above. See examples below for clarification:
  - a. If HEIW were to access a Value Wales office supplies contract for standard office supplies exceeding £1million this would not require Ministerial notification.
  - b. However, if under an NHS Supply Chain contract for consultancy services a specific consultancy project was scoped and tendered via a mini-competition under the Framework and a contract entered into between HEIW and successful supplier for more than £1million, Ministerial notification would be required.
10. The processes outlined above would not be applicable to situations where HEIW enters into contract variation orders annually which are the consequence of annual commissioning that is approved by the Minister before contract variations are made e.g. annual contract variation orders with Universities for non-medical education. The overarching umbrella contracts for such education and training are subject to the £1 million requirement for notification.
11. Notification will be provided to HEIW that the Minister has noted the contract. Once the Initial Briefing has been provided HEIW should allow a 10 day period for queries to arise. Officials will notify HEIW of any queries or Ministerial requests if they arise from the Ministers' consideration of the contract. Once the 10 day period has passed the procurement procedure should progress.

## Appendix 3

### How to provide notification of intent to enter into a Contract >£1 million

1. Health Education and Improvement Wales (HEIW) should, prior to signing a contract, consider whether it is a contract for which they need to notify the Welsh Ministers.
2. As an aid to determining whether the contract requires the consent of the Welsh Ministers a decision tree is provided at Appendix 1 covering different contractual arrangements and their treatment. Any queries at this stage as to whether notification is needed should be directed to [Kim.Jenkins@gov.wales](mailto:Kim.Jenkins@gov.wales) cc'd to [Robert.Eveleigh@gov.wales](mailto:Robert.Eveleigh@gov.wales).
3. If HEIW decides that they wish to enter into a contract that should be notified to the Welsh Ministers (i.e. one which exceeds £1million) they should complete the application form for notification > £1 million provided with this guidance and submit it along with supporting documentation via e-mail to [Kim.Jenkins@gov.wales](mailto:Kim.Jenkins@gov.wales) cc'd to [Robert.Eveleigh@gov.wales](mailto:Robert.Eveleigh@gov.wales). This form must be approved by the Director of Procurement Services, NWSSP.
4. All documentation must be provided electronically to [Robert.Eveleigh@gov.wales](mailto:Robert.Eveleigh@gov.wales).
5. In addition to the application form, applicants should ensure that all relevant documents required to consider the request are enclosed.
6. **At the very minimum** the documents attached to the application should include:
  - The proposed terms of the contract i.e. parties, period and consideration;
  - Evidence of Board approval of the contract or evidence of appropriate sign off to procure by HEIW in the case of All Wales contracts.
  - In the case of approval to dispose of land / buildings, evidence should be submitted that demonstrates market value has been achieved, or a reason given why this is not the case.
7. In order to ensure timely consideration, Welsh Government requires 15 working days in which to consider approvals. There may be occasions when an urgent decision is needed, and officials will endeavour to respond quickly and promptly in these cases to ensure no unnecessary delay arises. However this is expected to be in exceptional cases only. This does not remove the obligation to provide notification prior to entering into contracts over £1million.
8. Framework contracts. This information should be provided for the tender and letting of the overall framework contract. It will not be necessary to

provide this information for subsequent individual contracts entered into if exceeding £1million.

9. These processes do not apply to All Wales Capital Programme contracts, as the application, business case and approvals process for such activity already encompasses Welsh Ministers approval.
10. These processes do not apply to situations where NHS Wales bodies access services which have been contracted for by a third party body e.g. Value Wales or NHS Supply Chain. In these situations NHS Wales is not the contracting body. However, if under such arrangements HEIW enters into a contract with a supplier for specified goods or services, this would be subject to the processes outlined above. See examples below for clarification:
  - If HEIW were to access a Value Wales office supplies contract for standard office supplies exceeding £1million this would not require Ministerial notification.
  - However, if under an NHS Supply Chain contract for consultancy services a specific consultancy project was scoped and tendered via a mini-competition under the Framework, and a contract entered into between HEIW and the successful supplier for more than £1million, Ministerial notification would be required.
11. The processes outlined above would not be applicable to situations where HEIW enters into contract variation orders annually which are the consequence of annual commissioning that is approved by the Minister before contract variations are made e.g. annual contract variation orders with Universities for non-medical education. The over-arching umbrella contracts for such education and training are subject to the £1 million requirement for notification.
12. For volume estimate contracts, the criteria of whether the £1million level will be exceeded should be based upon the original estimates for the letting of the contract.
13. For contracts with an option to extend, if the exercise of the option would take the value of the contract over £1million, the notification application should be made at the point consideration is being given to exercising the option.
14. Within the application for notification explanation is sought for Private Sector Procurement Rationale. This is the explanation as to why the goods / services were sourced from the private sector, rather than in-house NHS delivery. The purpose of this section is to explain what options were considered including in-house delivery and reasons for private sector procurement e.g. value for money, service quality, capacity etc. The degree of detail required here will range dependant upon the goods or services being procured. If the contract is for the provision of goods which can only be bought from the private sector the rationale for private sector procurement is straightforward – as the only source of the goods is the



private sector. If such a contract is being pursued under a strategy or policy direction this should be cited in the rationale.

15. If, once a contract exceeding £1million is awarded, a challenge is raised on the contract, it is only necessary to notify the Minister again if the challenge results in changes to the contract i.e. the contract would not be awarded in accordance with the Ministerial notification originally received.

## Appendix 4

### How to provide monitoring information for contracts exceeding £500,000 up to £1million

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

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

- f. Contractor details – details of the contractor(s) to whom the contract has been awarded; if a framework contract, information by lot of successful contractor(s);
  - g. Contract value – Total value and annual value;
  - h. OJEU Requirements – Description of OJEU requirement and compliance;
  - i. Contract duration – Length of contract being entered into, start date & end date, and details of any option to extend;
  - j. Confirmation of Funding Stream – Description of funding source; and
  - k. Identified Risks – Key contract risks.
6. This process does not apply to All Wales Capital Programme contracts, as the application, business case and approvals process for such activity already encompasses Welsh Ministers approval.
7. These processes do not apply to situations where NHS Wales bodies access services which have been contracted for by a third party body e.g. Value Wales or NHS Supply Chain. In these situations NHS Wales is not the contracting body. However, if under such arrangements HEIW enters into a contract with a supplier for specified goods or services, this would be subject to the processes outlined above. See examples below for clarification:
- a. If HEIW were to access a Value Wales office supplies contract for standard office supplies exceeding £500,000 this would not require Ministerial notification
  - b. However, if under an NHS Supply Chain contract for consultancy services a specific consultancy project was scoped and tendered via mini-competition under the Framework, and a contract entered into between HEIW and successful supplier for more than £500,000, Ministerial notification is required.
8. The processes outlined above would not be applicable to situations where HEIW enters into contract variation orders annually which are the consequence of annual commissioning that is approved by the Minister before contract variations are made e.g. annual contract variation orders with Universities for non-medical education. The over-arching umbrella contracts for such education and training are subject to the £1 million requirement for notification.
9. Framework contracts. This information should be provided for the tender and letting of overall framework contracts with a value exceeding £500,000 up to £1million. It will not be necessary to provide this information for subsequent individual contracts entered into if exceeding £1million.

## Appendix 5

### How to provide monitoring information for contracts exceeding £250,000 up to £500,000

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

b. If under an NHS Supply Chain contract for consultancy services a specific consultancy project was scoped and tendered via a mini-competition under the Framework and a contract entered into between HEIW and a successful supplier for more than £1million, Ministerial notification would be required.

7. The processes outlined above would not be applicable to situations where HEIW enters into contracts which are the consequence of an annual commissioning paper that is approved by the Minister before contracting arrangements are made: e.g. contracts with universities for non-medical education.
8. Framework contracts. This information should be provided for the tender and letting of overall framework contracts with a value exceeding £250,000 up to £500,000. It will not be necessary to provide this information for subsequent individual contracts entered into under a Framework if exceeding £250,000.

## Procurement Services Contracting Briefing Paper

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### Contract Details

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

### Contract Overview

Snap shot from contract plan

### Market Research

Summarise information from contract plan to include:

Market research  
Other UK Practice  
Benchmarking  
Themes of SRA

### SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>

Opportunities	Threats
•	•

### **Private Sector Procurement Rationale**

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

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

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

### **Contract Analysis / Proposal**

Provide details of contract strategy

Pricing strategy

Expected benefits - Savings / Standardisation / price containment

## **Contract Proposal**

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

Provide indication of key dates

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

## **Contract Management**

### **Communications**

### **ACCEPTANCE**

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

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Prepared by:

Date:

Contract briefing presented/  
circulated to:

Date:



Response required by date:

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HEIW agreement to  
participate:

HEIW:

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HEIW decision maker:

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Agreement to proceed  
(if different from above):

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Date:

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

## HEIW Application Form to Notify the Welsh Ministers to Enter into Contracts over £1 million

HEIW			
Contact Name:		Position Held:	
Address:			
Contact Telephone No:		E-mail:	
Contract Title & Reference:			
Purpose of the Contract:			
Contract Description:			
Rationale for Private Sector Procurement:			
Legal Advice Confirmed Consent from Welsh Ministers is Required:	Yes / No		
If Legal Advice Does Not State Consent is Required, Please Give Reasons Why Consent is Being Sought:			
Name(s) of the Contractor(s) (Parties to the contract):			
What is included in the Contract (Goods / Services / Property):			
Total Value of the Contract (Consideration) – <i>if an option to extend provide for basic contract period and cost for option periods:</i>			
Annual Value of Contract:			

OJEU Requirements Satisfied:	Yes / No
If OJEU Requirements Not Satisfied, Please Give Reasons:	
Duration of the Contract including details of option to extend, start & finish dates:	
Confirmation of Funding Stream:	
Identified Risks:	
Any Other Relevant Information: <i>(Date of initial Contract Briefing Paper to be included here)</i>	

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

* Board Papers <sup>1</sup> :		Memorandum of Sale <sup>2&amp;3</sup> :		Invoice <sup>2&amp;3</sup> :		Documented Quote:	

\* These documents must be provided for all applications for consent

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

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

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

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

**Name:**

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**Position Held:**

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**Signature:**

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**Date:**

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**NB: HEIW will be formally notified when the contract has been noted**

<b>For Welsh Government Use Only</b>	
<b>Date Received:</b>	
<b>Reference Number:</b>	
<b>Acknowledgement sent:</b>	

## HEIW Notification to the Welsh Ministers of Contracts between £500,000 < £1 million

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

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

* Board Papers <sup>1</sup>		Memorandum of Sale <sup>2</sup> :		Invoice <sup>3</sup> :		Documented Quote:	

\* These documents must be provided for all notifications

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

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

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

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

**Name:**

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**Position Held:**

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**Signature:**

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**Date:**

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

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


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

**Name:**

\_\_\_\_\_

**Position Held:**

\_\_\_\_\_

**Signature:**

\_\_\_\_\_

**Date:**

\_\_\_\_\_