

# **Parliamentary and Health Service Ombudsman**

## **Finance Code**

Approved by PHSO Board December 2021

Next scheduled review:

October 2023

### 1.1.1 Document control and change history

(a)	Date Reviewed (b)	Reviewer (c)	Amendments (d)	Comments (e)	Date of next review (f)
1.	29 Jul 16	The Board	<p>Changes proposed by the Board at the meeting on 26 July 2016 have been made as follows:</p> <ul style="list-style-type: none"> <li>- Refinement of the description of the role of Accounting Officer and Accountable Officer</li> <li>- Approval limits in section 2.5.1 have been updated to reduce the number of approval levels from 5 to 4. Explanatory notes have also been provided</li> <li>- A new section (2.6) has been added on novel or contentious items of expenditure</li> <li>- Inclusion of single tender action in section 4.2</li> <li>- The narrative on whistle blowing has been moved to a section on its own</li> <li>- A new section (7) has been added on losses and special payments</li> <li>- Section 8 updated on responsibilities of Accounting Officer and EDF&amp;G</li> <li>- Paragraph 10.2 on the acquisition of assets has been updated to reflect the changes to the Technology Board and Capital Steering Groups</li> <li>- Paragraphs 10.5 and 10.6 on losses and write-offs have been updated to reference them to the new section on losses and special payments</li> <li>- Updating appendices to include job titles rather than names</li> </ul>		29 Jul 17
2.	19 Sep 16	EDF&G	<p>Changes proposed by EDF&amp;G after a review on 19 September 2016 have been made as follows:</p> <ul style="list-style-type: none"> <li>- Updates to paragraph 2.4.1 to clarify the Accounting Officer's specific responsibilities.</li> <li>- Updates to paragraph 2.4.2 to clarify the Accountable Officer's specific responsibilities.</li> <li>- Updates to paragraph 3.3 to clarify how the Accounting Office will be briefed on budgets and budgetary control.</li> </ul>		
3.	27 Oct 16	Int. Dir of Finance	<p>Changes required by ARAC on 30 September.</p> <ul style="list-style-type: none"> <li>- Clarify the mandatory nature of the code in paragraph 1.1.2 and 2.1</li> <li>- 9.7 updated to require legal advice to be sought.</li> <li>- 1.1.2 failures to comply by board members to be reported to the board</li> </ul>		
4.	Sept 18	Int. Dir of Resources	Changes to remove duplication with new SoFD.		
5.	August 19	Director of Resources	<p>Minor changes to reflect restructuring since previous version</p> <ul style="list-style-type: none"> <li>• Key changes include delegating authority to the Chief Executive to make minor changes to the Finance Code</li> <li>• The Finance Code is to be reviewed at least every 2 years</li> </ul>		
6.	October 19	Board	<p>One change required by Board:</p> <ul style="list-style-type: none"> <li>- A list of single tender actions must be reported to ARAC each year (section 4.2)</li> </ul>		
7.	September 21	Director of Resources	<p>Change to job titles Change to Procurement code as a result of Brexit and multiyear single tenders Updated hyper links Compensation Payments made consistent with Scheme of Financial Delegation and that they are</p>		

			<p>to be reported to ARAC at the end of the Financial Year</p> <p>Director of Resources now responsible for all Banking, the External Audits and the Fixed Asset Register</p> <p>Chief Operating Officer now responsible for PHSO's Establishment record</p> <p>Write off of bad debt to be reported to ARAC as part of the year end reporting</p>		
8.	November 21	Interim Director of Resources	<p>Deleted paragraph 2.2.1 - a technical point about accounts preparation, potentially misleading to non-Finance users of the document</p> <p>Clarification of treatment of compensation for official errors to October 2019 draft, following discussion at ARAC</p> <p>Expanded section 5 following discussion at ARAC</p>		

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## 1.Introduction

### 1.2 What is the Finance Code?

#### 1.2.1 Definition of the Finance Code

The Finance Code (“the Code”) describes the overall financial policies and procedures at the Parliamentary and Health Service Ombudsman (“PHSO”). It is supported by the Scheme of Financial Delegation and detailed financial procedures which are consistent with the Code but are separate documents. The Code is intended to be the definitive point of reference to resolve any queries around the financial management of the organisation.

All individuals handling public money have a fiduciary duty to act with the highest standards of probity. However, as an organisation that upholds standards in public life, it is important that we hold ourselves to the very highest standards. Accordingly, the Code has been drafted to ensure it reflects the PHSO Values of Excellence, Independence, Fairness and Transparency. Following the Code will ensure that PHSO financial management of public money is of the required high standards and maintains public trust in our organisation.

The Code will be reviewed at least every two years from the date on which the previous version has been approved by the Board. Authority is delegated to the Chief Executive to make minor amendments to the Code, for example reference to job titles etc and other minor changes to text that do not change the underlying intention of the Code.

#### 1.2.2 Responsibility of Every Staff Member

Each member of staff has the responsibility to be aware of the Finance Code and to adhere to it; the code is mandatory for all staff, in every role. By complying with the Code, individuals are protecting PHSO and themselves from the risk of mismanagement of public money. Failure to comply with the Code will be reported to the Chief Operating Officer and serious breaches may result in disciplinary action. Any failure to comply by a board member will be reported to the board.

#### 1.2.3 Interpretation

In the event that clarification of any part of this Finance Code is required, the Chief Operating Officer will arrange for appropriate advice to be given. If necessary s/he is to consult with appropriate persons to obtain a definitive response. Individuals are actively encouraged to consult if clarification is required.

#### 1.2.4 Changes to the Code

Any amendments required are to be approved by the Board. Changes cannot be made until approved by the Board. In the event of an urgent and unforeseen variation being required, the Accounting Officer can authorise such a change following consultation with the Chair of the Audit Committee. Any such action is to be reported to the next Board meeting. This document is to be reviewed every 2

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years and a report submitted to the Board stating that the review has been carried out together with any amendments that are considered appropriate.

Any changes to the Code need to be communicated throughout PHSO to ensure all staff members understand the implications of the change. The method of communication will be proportionate to the changes made and will be determined by the Chief Operating Officer.

### 1.2.5 Financial Procedures

Any detailed Financial Procedures issued are to be interpreted in accordance with this Code. They are to be issued or amended under the authority of the Accounting Officer who will obtain whatever advice s/he considers appropriate prior to their release.

## 2. Financial governance framework

### 2.1 Governance arrangements

The Finance code is mandatory for all staff; a detailed explanation of the roles and responsibilities of individuals and boards can be found in the Governance Framework.

#### 2.1.1 Internal Controls

Internal control refers to the systems and procedures that operate to ensure that:

1. The organisation's objectives are achieved;
2. There is economical, efficient and effective use of resources;
3. Assets are safeguarded; and
4. The highest standards of financial probity are achieved.

#### 2.1.2 The system of internal controls should help to provide:

1. Efficient and effective operational procedures;
2. Reliable financial information and reporting;
3. Compliance with laws and regulations; and
4. Risk management processes

#### 2.1.3 Change control

Such control systems are the responsibility of the Governance Team, who have change control responsibility for the full governance framework. A regular review, by an effective and properly resourced internal audit function, is conducted annually and is commissioned and managed by the Governance Team.

#### 2.1.4 Compliance

Compliance with the Code will be measured and will be overseen by the Chief Operating Officer via monthly performance metrics. Appropriate monitoring on compliance with the Code will form part of the internal audit plan.

### 2.2 Accounting

It is a requirement, under the Parliamentary Commissioner Act 1967, for the Ombudsman to prepare accounts each financial year in accordance with the Accounts Directions issued by the Treasury as to their form and content and to maintain proper records in relation to those accounts.

## **2.3 Managing Public Money (“MPM”)**

In addition to the specific governance framework required of the PHSO, the Ombudsman aims to ensure that the principles and standards contained within the HM Treasury’s Managing Public Money handbook are adhered to.

## **2.4 Specific Responsibilities**

### **2.4.1 Accounting Officer**

As set out in the PHSO Governance Framework, the Ombudsman is the Accounting Officer. As Accounting Officer the Ombudsman is accountable to Parliament for the stewardship of the resources within the organisation’s control through good governance, quality decision-making and good financial management.

This includes personal responsibility for regularity and propriety, programme appraisal, affordability and sustainability, value for money, management of opportunity and risk, learning from experience, and accounting for financial position and transactions.

These accountabilities are discharged through assurance via the CEO (the Accountable Officer) and Executive Team, and through Board and Audit and Risk Assurance Committee assurance and challenge

### **2.4.2 Accountable Officer**

As set out in the PHSO Governance Framework, the CEO is formally designated the Accountable Officer, with executive responsibility for making sure the Accounting Officer can meet the personal requirements of the role. The Accountable Officer also provides assurance to the Accounting Officer regarding effective operations, controls and risk management as well as high standards of probity in the management of public funds.

## **Authority levels**

## **2.5 Financial Authority matrix**

Staff are designated approval levels, dependant on their seniority, as described in the Scheme of Financial Delegation.

## **2.6 Novel or contentious items of expenditure**

Any request to commit expenditure for situations which could be deemed to be novel or contentious (regardless of the value involved) is to be made to the Chief Operating Officer prior to any other decision being made. All novel or contentious items of expenditure require formal approval by the Accountable Officer, and must be reported to the Accounting Officer. Examples of novel or contentious transactions include:

- Payments in excess of contractual commitments: for example, if a supplier has entered a fixed price contract with us, but has incurred more costs than expected in delivering the service, that is their risk and



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we would normally not pay any extra. A proposal to pay extra would be contentious;

- Non-standard payments in kind;and
- Unusual policies or schemes using novel techniques.

### **2.7 Emergency contact**

Should urgent advice or guidance on this document be required, the advice of the Chief Operating Officer should be sought in the first instance.

### **3. Allocation and control of funds**

#### **3.1 Overview**

Sections 2 and 3 of, and Schedule 1 to, the Parliamentary Commissioner Act 1967 and section 1 of, and Schedule 1 to, the Health Service Commissioners Act 1993 govern the Ombudsman's salary and the funding of his or her office. These provisions specify that the Ombudsman's salary and pension are paid for out of the Consolidated Fund and that the funding for his or her office is paid for out of funds, approved by HM Treasury, provided by Parliament. It is important that public funds are administered in accordance with the principles of regularity and probity (which are defined in the Glossary).

#### **3.2 Strategic Planning**

The PHSO must undertake medium term strategic financial planning and align to the Strategic Plan. The revenue and capital funding required for its implementation should be produced in conjunction with the Strategic Plan and this should form the basis for the PHSO Annual Budget by way of the process below.

#### **3.3 Budgets and Budgetary Control**

The PHSO receives annual funding which is approved by a vote of Parliament and provides the budget for the year. The budget is split between expenditure relating to the current year (Resource expenditure) and expenditure where the related benefit is expected to accrue over a number of years (Capital expenditure). Resource Expenditure is split between that which is predictable (Departmental Expenditure Limit) and that which is unpredictable and demand-led (Annually Managed Expenditure). In addition, the PHSO has a Net Cash Requirement total which sets the total cash available.

A Report showing expenditure against budget with a commentary on variances must be produced each month from May to March in line with the budgetary control timetable laid down by the Chief Operating Officer. It should be circulated to the budget holders, and presented to the Executive Team (including the Accountable Officer) for consideration. The Accounting Officer will be briefed on the position, issues and actions agreed on a monthly basis by the Chief Operating Officer. On a quarterly basis the report must be presented to the Board. The Budget report should cover revenue and capital expenditure and compliance with Supply Estimates.

##### **3.3.1 Budget Holders**

Management of the devolved budget is achieved by delegating responsibility for specific functions or activities to Budget Holders. A budget holder is a member of staff who has been assigned a budget for a particular activity and is accountable to the PHSO Chief Executive. Budget Holders must manage their budgets in a prudent manner, adhering to this Code. They must:

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- 3.3.1.1 Ensure that no-one commits or incurs financial transactions that are not within budget, or not on agreed types of expenditure or for purposes other than those for which the funds were allocated.
- 3.3.1.2 Manage the budget in a prudent manner and ensure that value for money is achieved in all matter
- 3.3.1.3 Ensure that the risk of fraud is minimised.
- 3.3.1.4 Provide relevant information to the Chief Operating Officer on request, for example assumptions on spending, reasons for variances from budget.
- 3.3.1.5 Adhere to financial procedures laid down by the Chief Operating Officer.
- 3.3.1.6 Only approve transactions in accordance with their authorisation limits.

### 3.3.2 Budget Monitoring

Individual Budget Holders are responsible for the monitoring of their own budgets, supported by the Finance Team. Any significant variances from budget are to be reported to the Board by the Chief Operating Officer.

### 3.3.3 Virements

Virements are transfers of funds from one budget to another. During the year there may be a requirement to transfer budgets from one service area to another to reflect changed service needs or priorities. Restrictions on the virement of funds are detailed in the Scheme of Financial Delegation.

## 4. Procurement

### 4.1 Goods and Services

- 4.1.1 All purchases of goods and services must be covered by an appropriate contract, purchase order or a periodic payment record. The process to be followed and the authorisation levels are detailed in the PHSO Procurement and Contract Management Code. Exceptions to this will be small episodic purchases for which the approval of the Senior Financial Accountant or a Finance Business Partner will be required, or small purchases using a Government Procurement Card.
- 4.1.2 Procurement of goods and services require specific approval as set out in the financial authority matrix in the Scheme of Financial Delegation.
- 4.1.3 Goods and services procured must be used only for the purposes of the Parliamentary Health Service Ombudsman. The aim is to obtain value for money. In addition, all relevant public procurement rules must be followed.
- 4.1.4 Specific rules for the purchase of assets or capital spend must be followed as set out in the Code.

### 4.2 Non-Competitive sourcing / Single Tender

PHSO (and Government) policy is to obtain quotes for the provision of goods and services by issuing tenders to the market or groups of suppliers. Supplier responses will then be assessed with appointment of the supplier whose quote provides PHSO with best value for money. There may, however, be occasions where the tender is let to a single supplier (single tender action). This is only expected to be appropriate in highly exceptional cases with approval to proceed required from the Chief Operating Officer. All authorised single tender actions are recorded within a procurement code compliance log and also reported to the Audit and Risk Assurance Committee. Approved Single Tender contracts that are multi-year are not regarded as Single Tender Contracts for reporting purposes from Year 2 onwards.

### 4.3 Declarations of Interest

As set out in the Governance Framework, the Board, Executive Team or any member of staff with a material interest in any financial matter, including procurement, shall declare that interest to the Chief Operating Officer. If necessary, the Conflict of Interest Policy document should be consulted. Any declarations of interest in relation to financial matters from the Chair and Ombudsman will be considered by the Chair of the Audit and Risk Assurance Committee. In the event that further clarification is required the subject should be raised with the Chief Executive for determination.

### 4.4 Contract procedure rules

Detailed procurement procedures can be found within the PHSO Procurement and Contract Management code. The basic principles are to:

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- 4.4.1 Realise value for money by achieving the optimum combination of whole life costs and quality of outcome.
- 4.4.2 Be consistent with the highest standards of integrity.
- 4.4.3 Operate in a transparent manner.
- 4.4.4 Ensure fairness in allocating public contracts.
- 4.4.5 Comply with all legal requirements including UK Procurement Legislation.

### **4.5 Insurance**

Insurance must be purchased when required by statute, and may be obtained to cover other identified risks that could materially affect the office's ability to discharge its functions. When considering insurance requirements, it is necessary to evaluate the cost against the risks to be covered and taking account of the guidance given to public sector bodies that losses would normally be met from the public purse. All insurance must be agreed with the Assistant Director of ICT & Accommodation.

## **5. Hospitality, Fraud and Bribery**

### **5.1 Gifts and Hospitality offered to us**

The offer or receipts of gifts and any invitations of hospitality must be recorded in a register for this purpose which is maintained by the Governance Team, whether or not the offer is accepted. In determining whether or not to accept gifts or hospitality the Ombudsman and any member of staff should consider whether it is appropriate to accept and whether there could be any actual or perceived conflict of interest.

Because of our role in upholding standards in public life, we need to hold ourselves to the highest standards of integrity. It is therefore normally not appropriate for colleagues to accept gifts or hospitality where the value exceeds £25.

Exceptions, where it may be appropriate to accept higher value gifts or hospitality, include attendance at conferences, or gifts or hospitality offered by international peer organisations.

Acceptance of gifts or hospitality above £25 in value must be approved in advance by the relevant line manager. Where the Ombudsman is offered higher value gifts or hospitality, he will discuss whether it is appropriate to accept with the Senior Independent Member of the Board. No entry in the register is required in respect of sandwiches, biscuits, tea and coffee provided at business meetings or gifts such as standard value pens, calendars and diaries with a value lower or equal to £25.

### **5.2 Gifts and Hospitality provided by us**

Similarly, it is normally not appropriate for us to offer gifts or hospitality, other than sandwiches, biscuits, tea and coffee provided at business meetings. Proposals to provide gifts or hospitality that exceed £25 per head in value, or include the provision of alcohol, must be approved in advance by the relevant Director. Exceptions, where it may be appropriate to provide higher value gifts or hospitality or to provide alcohol, include hosting visiting international peer organisations.

### **5.3 Fraud and Bribery**

All members of staff must be vigilant in preventing fraud and reporting any matter of bribery that comes to their attention. It is important that if fraud, bribery or suspicious circumstances are suspected that the detail of the PHSO Anti-Fraud and Bribery Policy is followed.

## **6. Freedom to Speak Up**

### **6.1 Whistle blowing**

It is the responsibility of the Audit and Risk Assurance Committee to approve policies and strategies relating to fraud and whistle blowing arrangements and to receive reports on any detected frauds. Further details can be found in the Freedom to Speak Up-Policy.

## **7. Losses and Special Payments**

### **7.1 Losses and Write-Offs**

PHSO is not provided with funding to cover the cost of losses or write-offs and as such, these transactions are subject to greater scrutiny and control than other payments. The organisation will only consider accepting losses and write-offs after careful appraisal of the facts. All losses and write-offs must be advised immediately to the Chief Operating Officer, who will arrange for them to be presented to the Chief Executive for approval. Examples of losses that are to be submitted to the Chief Executive for approval are:

- Cash losses.
- Irrecoverable losses of pay and allowances.
- Loss through fraud or theft.
- Fruitless payments (this is a payment which cannot be avoided because the recipient is entitled to it even though PHSO will not receive anything in return).

PHSO is required to bring all losses to Parliament's attention by reporting them in the annual report and accounts. For serious losses, we are required to provide Parliament with a written statement of the loss. All losses are to be reported to ARAC at the end of the financial year.

### **7.2 Special Payments**

PHSO is not provided with funding to cover payments outside of the range of activities it is responsible for undertaking. Any payments outside of this remit will be classed as a special payment and is subject to additional reporting to Parliament. The organisation will only consider making special payments in exceptional circumstances and after careful appraisal of the facts which are to be presented to the Chief Executive for authorisation after gaining any approval required in Managing Public Money. All potential special payments (excluding compensation payments as authorised per the Scheme of Financial Delegation) must be brought to the attention of the Chief Operating Officer at the earliest opportunity.

Examples of special payments that are to be submitted to the Chief Executive for approval are:

- Special severance payments.
- Ex-gratia payments.

Compensation payments are also classed as Special Payments. Handling complaints is our core business, and we hold ourselves to the same high standards as we expect from the public bodies we review. Where we find that our service to a complainant has fallen below our standards, a compensation payment may be appropriate. The approval of these payments is delegated to Assistant Directors in Operations and the Director of Operations in accordance with the Scheme of Financial Delegation.



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PHSO are required to bring all special payments to Parliament's attention by reporting them in the annual report and accounts.

## **8. Banking arrangements**

### **8.1 Overview**

No bank account can be opened, or account signatories amended, unless specifically approved by the Director of Resources. The operation of any accounts by those authorised signatories must be in accordance with its mandate.

### **8.2 Treasury management**

Cash is drawn down from HM Treasury on a monthly basis in accordance with forecasted need, as set out in the cash flow forecast. Cash which is surplus to requirements should not be held and the bank account must not be overdrawn.

### **8.3 Responsibility for opening and closing accounts**

The Director of Resources is responsible for ensuring that all banking arrangements determined by the Accountable Officer are observed and to advise him or her of any changes in their Services that may require a change in these arrangements. The Director of Resources is responsible for ensuring that the PHSO bank account is reconciled with the PHSO's financial accounts.

## **9. Expenditure & Income**

### **9.1 Salaries and Pensions**

The following principles should be adhered to:

- 9.1.1 The Chief Operating Officer is responsible for maintaining PHSO's establishment record.
- 9.1.2 Before an appointment can be made, including the filling of a previously occupied post, there must be an evaluation of the need for the position in line with procedures laid down by the Chief Operating Officer.
- 9.1.3 Payment of salary and any related expenditure must be in accordance with terms and conditions of employment.
- 9.1.4 Payments must comply with HMRC regulations and the Payroll Section is responsible for keeping the proper records relating to payroll.
- 9.1.5 Variations to pay must be authorised by the Chief Operating Officer.
- 9.1.6 All salary payments must be made through the payroll and expense payments via BACS.

### **9.2 Expenses**

Expenses incurred in course of PHSO duties must be claimed in line with the process described in the PHSO Travel and Subsistence Code.

### **9.3 Government Procurement Cards (GPC)**

Government Procurement Cards may be used for the purchase of small items where it would not be cost effective for a purchase order to be raised and strictly for PHSO business only. Government Procurement Cards should under no circumstances be used for personal expenditure. Transaction limits are detailed in the Scheme of Financial Delegation. Individual transactions in excess of £500 will be disclosed monthly on the PHSO website and the Gov.uk website in terms of the Government transparency and accountability policy.

### **9.4 Petty Cash**

PHSO does not maintain any Petty Cash as ad-hoc payments should be made in line with this Code. Any requirements for Petty Cash must be authorised by the Director of Resources.

### **9.5 Provision and use of contingency funds**

PHSO maintains contingency funds within the overall budget. The Chief Operating Officer is responsible for advising the Board on the level of these funds. The advice will be based upon an annual risk assessment of the prudent levels of contingencies PHSO should budget for. The Chief Operating Officer will manage the PHSO's contingencies in accordance with decisions taken by the Executive Team and the

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Board. Both the Executive Team and the Board will be notified of the use of contingencies.

### 9.6 Employee expenses

9.7 When employees incur expenses in order to undertake PHSO business, they will be reimbursed for their cost, in line with PHSO approved rates, taking into account the following principles:

- Expenses are incurred only as necessary to perform the required duties;
- Expenses are supported by receipts;
- Expenses reflect value for money. This is supported by use of the online booking system, as set out in the PHSO Travel and Subsistence Code; and
- Expenses are not paid for home to office travel, where that office is the officer's permanent place of employment.

Further detail on employee expenses is set out in the PHSO Travel and Subsistence Code.

### 9.8 New services

Where PHSO is considering offering new services, the Accounting Officer should be consulted to assess whether there is adequate parliamentary authority for the services. Advice must always be sought from the Director of Legal, Quality and Clinical and MPM, section 2.6 may be consulted for guidance.

### 9.9 Value Added Tax

PHSO is not registered for VAT.

### 9.10 Income

The principal source of income is the funding from HM Treasury. Prior to securing alternate sources of income, the Chief Operating Officer must be consulted to ensure that the source is within PHSO's parliamentary authority. Any services supplied should be supported by clear current contracts which set out deliverables and responsibilities.

### 9.11 Invoicing

All income should be the subject of an official invoice, unless it is a trivial amount and in the opinion of the Senior Financial Accountant may be accepted without an invoice being raised.

### 9.12 Debt recovery

If an invoice has not been paid within 30 days of being raised, the Chief Operating Officer is to be informed and immediate payment sought from the debtor. Where necessary legal advice should be sought. The write-off of any bad debt should be

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approved by the Accountable Officer (Chief Executive) and notified to the Audit and Risk Assurance Committees as part of the year end reporting.

## **10. Assets**

### **10.1 Overview**

Assets are defined as all capital purchases which have a useful economic benefit that is expected to be realised over more than a year. It includes facility improvements - the purchase price of any assets and any costs directly attributed to bringing the assets into working condition for intended use. This could include equipment, furniture, fixtures, and fittings. It is the responsibility of all staff to ensure that any assets are protected and maintained in an appropriate manner.

### **10.2 Acquisition**

The following principles should be followed before committing PHSO to capital spend:

- A separate budget for capital spend is to be maintained as capital purchases.
- Prior to any capital spend, a proposal should be put forward to the Chief Operating Officer. No asset is to be purchased without confirmation of the approval of funding.
- Where approval for funding has been received, prior to purchasing an asset, the relevant capital budget holder should be consulted to ensure there is sufficient budget.
- Expenditure must be committed in line with the authority matrix in the Scheme of Financial Delegation.
- The Senior Financial Accountant should be notified to ensure correct capitalisation of the asset.

### **10.3 Disposal**

Assets that have been determined as surplus to requirements must be disposed of by the Assistant Director of ICT & Accommodation. This should be done in the most appropriate method after taking into account environmental, information security, costs of disposal, and sale receipt income considerations. This must only be done following consultation with the Director of Resources. Due consideration should be given to obtaining value for money from the likely receipts upon disposal of asset. Where receipts are anticipated, the principles for managing income should be followed, as set out in the Income section of this Code.

### **10.4 Monitoring**

The Fixed Asset Register should be updated on a monthly basis with an end of year review, overseen by the Director of Resources, ensuring appropriate capitalisation.

### **10.5 Losses**

Any losses in relation to capital spending must follow the procedure set out in paragraph 7.1 above.

## **10.6 Write-offs**

Any proposal for Asset write-offs must follow the procedure set out in paragraph 7.1 above.

## **11. Audit**

### **11.1 Internal Audit**

11.1.1 This is an assurance function that primarily provides independent advice to the organisation on the internal controls that operate. The Head of Internal Audit has direct access to the Accounting Officer, the Accountable Officer and/or the Chair of the Audit and Risk Assurance Committee where necessary. Internal Audit is required to comply with the Public Sector Internal Audit Standards, (a copy is held by the Assistant Director of Governance), and other appropriate advice issued by the Institute of Internal Auditors.

11.1.2 The Head of Internal Audit shall submit an annual report to the Audit and Risk Assurance Committee setting out the results of the previous year's audit and the proposed programme for the forthcoming year.

11.1.3 The Internal Audit Protocol sets out the respective responsibilities of PHSO staff and the auditors in planning for and responding to audits. Meeting these responsibilities is a contractual requirement for PHSO. The Protocol can be obtained by contacting the Risk and Assurance Manager.

### **11.2 External Audit**

11.2.1 The PHSO's annual accounts are audited by the National Audit Office. It is the responsibility of the Director of Resources to ensure compliance with the accounts timetable agreed following consultation with the Audit and Risk Assurance Committee.

11.2.2 The audit is undertaken, in line with the National Audit Act 1983 and the Government Resources and Accounts Act 2000, to ensure that the Annual Accounts show a true and fair view of the organisation's state of affairs.



## 12. Appendix 1 - Glossary of terms

Term	Description
<b>BACS</b>	Bankers' Automated Clearance Service - the means by which electronic transfers of funds are made between bank accounts.
<b>Estimates</b>	The process by which the government seeks parliamentary approval for spending.
<b>Fiduciary duty</b>	A legal duty to act in the interests of others, in this case in the interests of the taxpayer
<b>Probity</b>	Meeting high standards of public conduct, including robust governance and the relevant parliamentary expectations, including transparency.
<b>MPM</b>	<u>Managing Public Money</u> , the Treasury handbook on how to administer public money. PHSO aims to comply with this guidance.
<b>Regularity</b>	Compliant with the relevant legislation (including EU legislation), delegated authorities and following MPM.
<b>Special Payments</b>	Special payments are defined as those transactions that are outside the usual planned range. Examples include extra-contractual payments, extra-statutory and extra-regulatory payments, compensation payments, special severance payments and ex-gratia payments.
<b>Non-Voted Resource Departmental Expenditure Limit</b>	The notional funding required to pay for the salary (and on-costs) of the Ombudsman, which is paid separately.
<b>Value for money</b>	The process under which PHSO's procurements, projects and processes are systematically evaluated and assessed to provide confidence about suitability, effectiveness, prudence, quality, value and avoidance of error and waste, judged for the Exchequer as a whole.
<b>Virements</b>	Budget transfers.

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Term	Description
<b>Voted Capital Departmental Expenditure Limit</b>	The cash funding required to pay for investment in non-current assets.
<b>Voted Resource Annual Managed expenditure</b>	The non-cash funding required to create, increase or utilise, accounting provisions for the year.
<b>Voted Resource Departmental Expenditure Limit</b>	The cash funding required to pay for our day-to-day operational expenditure.