

**Item: 15**

**Title: Standing Financial Instructions**

<b>Gweithredu / Action required</b>	Approval
<b>Amseru / Timing</b>	Urgent
<b>Argymhelliad / Recommendation</b>	The Board is asked to approve some changes to the standing financial instructions.
<b>Risg / Risk</b>	<p>The financial limits set out in standing financial instructions don't align with the Oracle electronic financial system. Both the Oracle system and the Standing Financial Instructions require updating to ensure operational efficiency and good governance.</p> <p>The standing financial instructions are currently impacting operational efficiency. If we don't update the document it could lead to reputational impact and gaps in service delivery.</p>
<b>Cyllid / Finance</b>	N/A
<b>Amcan Cynllun Corfforaethol / Corporate Plan Objective/Amcan Rhaglen/ Programme objective</b>	The standing financial instructions form part of our governance framework.
<b>Cydraddoldeb / Equality</b>	An integrated impact assessment has been carried out. There was no negative impact identified.
<b>Cyfathrebu / Communications</b>	<p>Please tick one of the following boxes if this activity will have an impact on:</p> <p><b>Internal:</b> our people <input checked="" type="checkbox"/></p> <p><b>External:</b> our customers/partners/stakeholders <input checked="" type="checkbox"/></p> <p><b>External:</b> our organisation's reputation <input checked="" type="checkbox"/></p>

<b>Cymeradwyaeth / Approval/Clearance</b>	This paper has been cleared by the Chief Executive.
<b>Trafodaethau/ Penderfyniadau Blaenorol / Previous discussions/decisions</b>	Tîm Arwain has discussed the matter and agreed that changes should be made to the standing financial instructions and subsequently to the Oracle system.
<b>Awdur/ Cyflwyno / Author/presenting</b>	Angela Mutlow
<b>Dyddiad / Date</b>	10 October 2023

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### Cefndir / Background

The standing financial instructions were developed by the implementation programme and scrutinised by the Welsh Government Governance and Finance workstream during the implementation stage of Llais.

They were agreed by the Board on 27 February 2023 and then issued to all staff.

Since we became operational, the finance team has considered how the requirements set out in the Standing Financial Instructions are working in practice. In particular, whether:

- the instructions support efficient and effective operational practice
- whether the document adequately describes the roles and responsibilities of key Llais staff
- the requirements of the Standing Financial Instructions were consistent with the requirements set in our finance system 'Oracle', eg., approval limits, etc.

In all cases, the team identified issues, and reported these to Tîm Arwain for further discussion and agreement on next steps. The following section summarises the proposals made by Tîm Arwain.

### Manylion / Detail

It is recommending that the following updates are made to the Standing Financial Instructions. Those changes have been marked in a new version of the Standing Financial Instructions - paper 23-06 (13) Annex A: -

Changes to the job titles and names of groups to reflect changes in role titles since the Standing Financial Instructions were agreed:

- Head of Finance changed to Director of Finance.
- Senior Management Team changed to Tîm Arwain.

Financial monitoring and forecasting:

- Para 7.4 - Llais will forecast cash flow and prepare claims for funding in the form specified by Welsh Government monthly rather than quarterly.

Financial management:

- Para 9.4 – The senior management team are currently listed as ‘authorised officers’. Change to the Chief Executive, the Strategic Director of Operations and Corporate Services and the Director of Finance as per the bank mandate.
- Para 9.8/9.9 – Makes reference to the management of multiple accounts. Remove/amend to reflect that Llais only has one account.
- Para 9.9, (iii) – reference to the arrangements within the bank mandate added.
- Para 9.9 (v) - change from the Strategic Director of Corporate Services to the Director of Finance.
- Para 10.3 - Change the responsible persons for approving orders under £5,000. It is suggested changes be made so that individuals at Director level can approve all orders under £5,000 from their respective budgets. The current arrangement places responsibility on the Strategic Director of Corporate Services and Operations to approve all payments across all regional offices (35-70 payments per month). Placing responsibility with Directors will improve operational efficiency, set decision making that is consistent with Director responsibilities, and reduces the risk of payments being made late.
- Para 10.3 - Add an additional line to the contracts and tenders approval table to provide Strategic Directors with the authority to approve payments between £5,000-£15,000. Currently the Chief Executive is responsible for approving payments between £5,000-£25,000 – this will improve operational efficiency and set decision making that is consistent with Strategic Director responsibilities.
- Para 10.3 - Raise value of contracts that require sign off by the Chief Executive to £15,000-£25,000 to reflect the introduction of the Strategic Director roles.
- Para 10.20. Our finance team has experienced issues tracking an order where an order is placed without a purchase order number, so this change will make sure all orders placed must have a purchase order number.

- Para 10.21 – this will enable the introduction of a new purchasing card procedure.
- Para 11.3 – extend approval arrangements for invoices for non-pay and capital up to £10,000 to include the strategic Director of Organisational Strategy and Engagement. This is consistent with the role, and will avoid late payments in the absence of key individuals.
- Para 11.3 - Remove senior management team from the payment approval process for approving payments of £5,000. This is because approval is not required for invoices as all invoices are automatically matched against the order. There may be occasions when an urgent payment is required and it is not possible to wait for an order number to be created, in these cases, the strategic directors will be required to approve the invoice.

#### **Manylion / Detail**

##### Action required:

The Board is asked to agree the proposed changes to the Standing Financial Instructions.

##### Next steps:

Subject to the Board's approval, an updated version of the Standing Financial Instructions will be circulated to all staff and the Oracle finance system will be updated to reflect the new standing financial instructions.