
 STATUTORY INSTRUMENTS

1969 No. 1582

NATIONAL HEALTH SERVICE, ENGLAND AND WALES

HOSPITAL AND SPECIALIST SERVICES

The National Health Service (Hospital Accounts and Financial Provisions) Regulations 1969

<i>Made</i> - - - -	7th November 1969
<i>Laid before Parliament</i>	19th November 1969
<i>Coming into Operation</i>	1st December 1969

The Secretary of State for Social Services, in exercise of his powers under sections 54 and 55 of the National Health Service Act 1946(a) (as amended by sections 27 and 28 of the Health Services and Public Health Act 1968(b)), paragraph 2 of Part IV of Schedule 3 to the said Act of 1946, section 29 of the Health Services and Public Health Act 1968, and of all other powers enabling him in that behalf and with the approval of the Treasury, hereby makes the following regulations:—

Citation, commencement and interpretation

1. These regulations may be cited as the National Health Service (Hospital Accounts and Financial Provisions) Regulations 1969 and shall come into operation on 1st December 1969.

2.—(1) In these regulations, unless the context otherwise requires—

“the Act” means the National Health Service Act 1946;

“the Act of 1968” means the Health Services and Public Health Act 1968;

“auditor” means an auditor appointed by the Secretary of State under section 55(2) of the Act;

“Board” means a Regional Hospital Board or a Board of Governors, as the case may be;

“Board of Governors” means a Board of Governors of a teaching hospital;

“capital expenditure” means expenditure of a hospital authority on works of construction, reconstruction or alteration and associated purchases of furniture and equipment, after the deduction of direct credits;

“chief financial officer” means the treasurer or other officer appointed by a Board or a Hospital Management Committee under regulation 4 of these regulations;

“direct credit” means an item of income offset for accounting purposes against the expenditure of a hospital authority;

(a) 1946 c. 81.

(b) 1968 c. 46.

“financial year” means the period of twelve months ending on 31st March;

“hospital authority” means a Regional Hospital Board, Board of Governors or Hospital Management Committee, as the case may be;

“revenue expenditure” means expenditure, other than capital expenditure, of a hospital authority, after the deduction of direct credits.

(2) The Interpretation Act 1889(a) applies to the interpretation of these regulations as it applies to the interpretation of an Act of Parliament.

Finance committee and sub-committee

3.—(1) A Board shall appoint a finance committee and a Hospital Management Committee shall appoint a finance sub-committee and such committee or sub-committee shall, notwithstanding anything contained in regulation 4(i) of the National Health Service (Regional Hospital Boards etc.) Regulations 1947(b), as amended(c), consist wholly of members of the appointing body.

(2) The functions of the finance committee or finance sub-committee shall include—

- (a) advising the hospital authority on the financial aspects of all matters within the scope of the functions of that authority;
- (b) ensuring that proper financial control is maintained in all matters for which the hospital authority are responsible;
- (c) issuing Standing Financial Instructions;
- (d) ensuring the proper maintenance of such financial records as the Secretary of State may specify;
- (e) submitting to the hospital authority financial estimates specified by that authority, or, as the case may be, by the Regional Hospital Board or by the Secretary of State.

Duties of chief financial officer

4. A hospital authority shall appoint a chief financial officer whose duties shall include—

- (a) the giving of information and advice on financial matters to the authority or any of their committees;
- (b) the continuous oversight of the arrangements for financial control;
- (c) the preparation and completion of all financial estimates and returns specified by the hospital authority, or, as the case may be, by the Regional Hospital Board or by the Secretary of State;
- (d) the maintenance of a system of balancing double entry ledger accounts for recording the income and expenditure of the authority, a system of cost accounts, stores, stocktaking records, and such other records as the Secretary of State may specify;
- (e) the proper collection of all moneys due to, the safe custody and the prompt payment into the bank of all moneys received by, and the prompt disbursement of all payments authorised by, the hospital authority.

(a) 1889 c. 63.

(b) S.R. & O. 1947/1298 (Rev. XV, p. 538: 1947 I, p. 1355).

(c) The amending regulations are not relevant to the subject matter of these regulations.

Control of capital expenditure

5.—(1) Each Board shall submit to the Secretary of State in such form and by such dates in each financial year as he may specify—

- (a) an estimate of capital expenditure for the next succeeding financial year and a revised estimate of capital expenditure for the current financial year; and
- (b) annual programmes showing capital schemes for which the Board propose the start of works on site in such financial years as the Secretary of State may specify.

(2) Subject to regulation 5(3) of these regulations the Secretary of State may approve the estimates submitted under regulation 5(1)(a) and, for such financial years as he may specify, annual programmes of proposed capital schemes submitted under regulation 5(1)(b).

(3) The Secretary of State may approve such estimates or programmes with or without modification or subject to conditions, and may at any time prior to or during any financial year approve variations of an approved estimate or programme, but any such approval shall be without prejudice to any requirement for the consent of the Secretary of State to a specific scheme under the National Health Service (Functions of Regional Hospital Boards, etc.) Regulations 1969(a).

Control of revenue expenditure

6.—(1) Each Hospital Management Committee shall submit to the Regional Hospital Board, in such form and by such date in each financial year as the Board may specify, forecasts of revenue expenditure for such subsequent financial years as the Board may specify.

(2) The Board shall examine the forecasts of revenue expenditure submitted to them as aforesaid and after making such modification as they think fit shall submit to the Secretary of State, in such form and by such date as he may specify, in respect of the Regional Hospital Board and their Hospital Management Committees, forecasts of revenue expenditure for such subsequent financial years as he may specify.

(3) Each Board of Governors shall submit to the Secretary of State, in such form and by such date in each financial year as he may specify, forecasts of revenue expenditure for such subsequent financial years as he may specify.

(4) The Secretary of State shall notify each Board of the total revenue expenditure which may be incurred by the Board in such subsequent financial years as he may specify, subject to such conditions as he may think fit.

(5) A Regional Hospital Board shall notify each Hospital Management Committee in their area of the total revenue expenditure which may be incurred by the Committee in the subsequent financial year, subject to such conditions as they may think fit.

7.—(1) Each Hospital Management Committee shall submit to the Regional Hospital Board in such form and under such heads of account and by such dates as the Board may specify:—

- (a) an estimate of the revenue expenditure to be incurred in a financial year not being in excess of the sum notified to the Committee in respect of that year under regulation 6(5) of these regulations; and
- (b) a revised estimate of revenue expenditure for the current financial year.

(2) Each Regional Hospital Board shall examine the estimates of revenue expenditure submitted to them by Hospital Management Committees as aforesaid and after making such modifications as they think fit shall submit to the Secretary of State in such form and under such heads of account and by such dates as he may specify in respect of the Regional Hospital Board and their Hospital Management Committees—

- (a) estimates of the revenue expenditure to be incurred in a financial year not being in excess of the sum notified to the Board in respect of that year under regulation 6(4) of these regulations; and
- (b) a revised estimate of revenue expenditure for the current financial year.

(3) Each Board of Governors shall submit to the Secretary of State in such form and under such heads of account and by such dates as he may specify—

- (a) an estimate of revenue expenditure for a financial year not being in excess of the sum notified to the Board in respect of that year under regulation 6(4) of these regulations; and
- (b) a revised estimate of revenue expenditure for the current financial year.

(4) The Secretary of State may approve the estimates of a Board, with or without modification or subject to conditions, and shall notify the Board of the revenue expenditure approved under section 54(1) of the Act for such financial year as he may specify.

(5) A Regional Hospital Board may approve the estimates of each Hospital Management Committee, with or without modification or subject to conditions, and shall notify each Hospital Management Committee of the revenue expenditure approved under section 54(2) of the Act, as amended by section 27 of the Act of 1968, for such financial year as they may specify.

8. Where in accordance with the provisions of regulation 7(4) and (5) of these regulations estimates of revenue expenditure have been approved under separate heads of account, a Board shall obtain the approval of the Secretary of State, and a Hospital Management Committee shall obtain the approval of the Regional Hospital Board, to the application of savings or expected savings under one head of account towards any excess of expenditure under another head of account.

9. The Secretary of State may at any time prior to or during any financial year vary the estimate approval under regulation 7(4) of these regulations of revenue expenditure which may be incurred by a Board, or the conditions under which it was approved, and a Regional Hospital Board may at any time prior to or during any financial year vary the estimate approved under regulation 7(5) of these regulations of revenue expenditure which may be incurred by a Hospital Management Committee, or the conditions under which it was approved, and the approved estimates shall be reduced or increased accordingly.

Advances of funds

10.—(1) A Board shall furnish to the Secretary of State such periodic estimates of sums necessary to defray the expenditure approved by him under section 54(1) of the Act and such additional information in connection therewith as he may specify, and the Secretary of State shall advance to each Board, at such times and in such manner as the Treasury under section 54(6) of the Act may direct, such amounts as appear to him to be necessary to meet the expenses of the Board.

(2) A Hospital Management Committee shall furnish to the Regional Hospital Board such periodic estimates of sums necessary to defray the expenditure approved by the Board under section 54(2) of the Act, as amended by section 27(1) of the Act of 1968, and such additional information in connection therewith as the Board may specify and the Board shall advance to the Committee at such intervals as the Board think fit such amounts as appear to the Board to be necessary to meet the expenses of the Committee.

Authorisation of payments

11. No payments shall be made by or on behalf of a hospital authority unless authorised in such manner as the Secretary of State may, by direction given under section 29(2) of the Act of 1968, require.

Auditors

12. An auditor shall have the right of access at all reasonable times to the relevant books, accounts, vouchers and other documents of a hospital authority and their officers. He may by writing under his hand require the production before him of such books and documents, and shall be entitled to require from any member or officer, or former member or officer, of the hospital authority such information relating to the affairs of the authority as he may consider necessary for the purpose of his duty under section 55(2) of the Act.

Annual accounts

13.—(1) After the close of a financial year the chief financial officer shall prepare annual accounts in such form as the Secretary of State, with the approval of the Treasury, may from time to time direct under section 55(3) of the Act, as amended by section 28(3) of the Act of 1968. After certifying them as correct, the chief financial officer shall submit them to the hospital authority for approval, and that authority shall submit them to the Secretary of State by such dates as he may specify, and in the case of a Hospital Management Committee shall also transmit a copy to the Regional Hospital Board.

(2) The annual accounts shall be audited by an auditor who shall certify the accounts, with or without reservation, and shall transmit the audited accounts with his report thereon to the Secretary of State.

Annual cost statements

14.—(1) After the close of a financial year the chief financial officer of a Board of Governors shall prepare and the Board shall submit to the Secretary of State such annual cost statements by such date as he may specify in respect of the hospital, or any part of the hospital, or any service for which the Board are responsible.

(2) After the close of a financial year the chief financial officer of a Hospital Management Committee shall prepare such annual cost statements by such date as the Secretary of State may specify in respect of any hospital or any part of a hospital, or any service for which the Committee are responsible, and the Committee shall transmit copies of the statements to the Regional Hospital Board who shall submit to the Secretary of State copies of the statements or summaries of the statements in such form as he may specify.

Losses and claims

15. Where a hospital authority suffers a loss of public cash or property or where a claim which may result in the payment of damages or compensation is made against a hospital authority, that authority shall follow such procedure, maintain such records and make such returns as the Secretary of State may specify.

Trust funds

16. Only regulations 2, 3, (except 3(2)(a)), 4, 12 and 13 of these regulations (and regulation 5, if a hospital authority proposes to incur capital expenditure from trust funds on property vested in the Secretary of State) shall apply to property or liabilities held, acquired or incurred by a hospital authority under sections 7, 59 and 60 of the Act. The annual accounts required to be submitted in accordance with regulation 13(1) of these regulations in respect of such property and liabilities shall be accompanied by a statement of balances at the end of the financial year.

Revocation

17. The National Health Service (Hospital Accounts and Financial Provisions) Regulations 1948(a) are hereby revoked, but this revocation shall not affect any approval subsisting at the date on which these regulations come into operation.

R. H. S. Crossman,
Secretary of State for Social Services.

6th November 1969.

We approve these regulations.

E. G. Perry,
Walter Harrison,
Two of the Lords Commissioners
of Her Majesty's Treasury.

7th November 1969.

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

These Regulations (which supersede the National Health Service (Hospital Accounts and Financial Provisions) Regulations 1948) govern the internal financial arrangements and systems of financial control of the hospital service and make provision for the audit of hospital authorities' accounts.

The principal matters dealt with in the regulations include—

- (a) the appointment of finance committees or finance sub-committees and the responsibility of hospital authorities for proper financial control (regulation 3) and the role of the chief financial officer in this respect (regulation 4);
- (b) the control and approval of expenditure (regulations 5 to 9);
- (c) the advancing of funds to hospital authorities in respect of approved expenditure (regulation 10);
- (d) the prohibition of payments by hospital authorities unless authorised in such manner as required by a direction under section 29(2) of the Health Services and Public Health Act 1968 (regulation 11);
- (e) the rights of auditors of access to, and production of, relevant documents (regulation 12);
- (f) annual accounts and cost statements (regulations 13 and 14);
- (g) losses and claims (regulation 15);
- (h) hospital trust funds (regulation 16).