

Doc level: Trustwide

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Standing Financial Instructions

Lead executive	Executive Director of Finance, Performance and Estates
Authors details	Deputy Director of Finance

Type of document	Policy
Target audience	All Trust staff
Document purpose	The purpose of this document is to set out the financial responsibilities, policies and procedures to be adopted by the Trust and to ensure that its financial transactions are carried out in accordance with the law and Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness.

Approving meeting	Audit Committee Trust Board	Meeting date	5 th October 2022 13 th October 2022
Implementation date	31 st October 2022	Review date	31 st October 2023

Trust documents to be read in conjunction with	
Document code	Document name
4.06	Scheme of Delegation

Document change history		Version	Date
What is different?	– Updates to the permitted use of waiver forms		
Appendices / electronic forms	– Policy template		
What is the impact of change?	– Waivers no longer permitted < £15k; –		

Training requirements	There are no specific training requirements for this document.
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Document consultation	
Directorates	
Corporate services	
External agencies	N/a

Financial resource	No
implications	

External references		
1.		
Monitoring compliance with the processes outlined within this document		
Equality Impact Assessment (EIA) - Initial assessment		
	Yes/No	Less favourable / More favourable / Mixed impact
Does this document affect one or more group(s) less or more favourably than another (see list)?		
<ul style="list-style-type: none"> – Age (e.g. consider impact on younger people/ older people) – Disability (remember to consider physical, mental and sensory impairments) – Sex/Gender (any particular M/F gender impact; also consider impact on those responsible for childcare) – Gender identity and gender reassignment (i.e. impact on people who identify as trans, non-binary or gender fluid) – Race / ethnicity / ethnic communities / cultural groups (include those with foreign language needs, including European countries, Roma/travelling communities) – Pregnancy and maternity, including adoption (i.e. impact during pregnancy and the 12 months after; including for both heterosexual and same sex couples) – Sexual Orientation (impact on people who identify as lesbian, gay or bi – whether stated as ‘out’ or not) – Marriage and/or Civil Partnership (including heterosexual and same sex marriage) – Religion and/or Belief (includes those with religion and /or belief and those with none) – Other equality groups? (may include groups like those living in poverty, sex workers, asylum seekers, people with substance misuse issues, prison and (ex) offending population, Roma/travelling communities, and any other groups who may be disadvantaged in some way, who may or may not be part of the groups above equality groups) 	<p>No</p> <p>No</p> <p>No</p> <p>No</p> <p>No</p> <p>No</p> <p>No</p> <p>No</p> <p>No</p>	
If you answered yes to any of the above, please provide details below, including evidence supporting differential experience or impact.		
Enter details here if applicable		
If you have identified potential negative impact: <ul style="list-style-type: none"> - Can this impact be avoided? - What alternatives are there to achieving the document without the impact? Can the impact be reduced by taking different action?		
Enter details here if applicable		

Do any differences identified above amount to discrimination and the	No
potential for adverse impact in this policy?	
If YES could it still be justifiable e.g. on grounds of promoting equality of opportunity for one group? Or any other reason	N/A
Enter details here if applicable	
<p>Where an adverse, negative or potentially discriminatory impact on one or more equality groups has been identified above, a full EIA should be undertaken. Please refer this to the Diversity and Inclusion Lead, together with any suggestions as to the action required to avoid or reduce this impact.</p> <p>For advice in relation to any aspect of completing the EIA assessment, please contact the Diversity and Inclusion Lead at Diversity@northstaffs.nhs.uk</p>	
Was a full impact assessment required?	No
What is the level of impact?	Low

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1. INTRODUCTION

- 1.1 These Standing Financial Instructions (SFIs) are issued in accordance with the Trust (Functions) Directions 2000 issued by the Secretary of State which require that each Trust shall agree Standing Financial Instructions for the regulation of the conduct of its members and officers in relation to all financial matters with which they are concerned. They shall have effect as if incorporated in the Standing Orders (SOs).
- 1.2 SFIs detail the financial responsibilities, policies and procedures to be adopted by the Trust. They are designed to ensure that its financial transactions are carried out in accordance with the law and Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Scheme of Delegation adopted by the Trust.
- 1.3 SFIs identify the financial responsibilities which apply to everyone working for the Trust. They do not provide detailed procedural advice. These statements should therefore be read in conjunction with the detailed departmental and financial procedures notes. All financial procedures must be approved by the Executive Director of Finance, Performance and Estates.
- 1.4 Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of the Executive Director of Finance, Performance and Estates must be sought before acting. The user of these SFIs should also be familiar with and comply with the provisions of the Trust's Standing Orders.
- 1.5 Failure to comply with SFIs and Standing Orders can, in certain circumstances, be regarded as a disciplinary matter which could result in dismissal.
- 1.6 If for any reason these Standing Financial Instructions are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit Committee for referring action or ratification. All members of the Board and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Executive Director of Finance, Performance and Estates as soon as possible.

2. TERMINOLOGY

- 2.1 Any expression to which a meaning is given in Health Service Acts, or in the Financial Directions made under the Acts, shall have the same meaning in these instructions; and
 - a) "Trust" means the North Staffordshire Combined Healthcare NHS Trust;
 - b) "Board" means the Board of the Trust;
 - c) "Budget" means a resource, expressed in financial terms, proposed by the Trust for the purpose of carrying out, for a specific period, any or all of the functions of the Trust;
 - d) "Chief Executive" means the chief accountable officer of the Trust;
 - e) "Executive Director of Finance, Performance and Estates" means the chief financial officer

of the Trust;

- f) "Budget Holder" means the director or employee with delegated authority to manage finances (Income and Expenditure) for a specific area of the organisation; and
- g) "Legal Adviser" means the properly qualified person appointed by the Trust to provide legal advice.

2.2 Wherever the title Chief Executive, Executive Director of Finance, Performance and Estates, or other nominated officer is used in these instructions, it shall be deemed to include such other Director or employees who have been duly authorised to represent them.

2.3 Wherever the term "employee" is used it shall be deemed to include employees of third parties contracted to the Trust when acting on behalf of the Trust.

3. RESPONSIBILITIES AND DELEGATION

3.1 The Trust Board

3.1.1 The Board exercises financial supervision and control by:

- a) formulating the financial strategy;
- b) requiring the submission and approval of budgets within approved allocations/overall income;
- c) defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money); and
- d) defining specific responsibilities placed on directors and employees as indicated in the Scheme of Delegation Document.

3.1.2 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 'Scheme of Delegation' policy document. All other powers have been delegated to such other committees as the Trust has established.

3.2 The Chief Executive

3.2.1 The Chief Executive will, as far as possible, delegate their detailed responsibilities but they remain accountable for financial control.

3.2.2 Within the Standing Financial Instructions, it is acknowledged that the Chief Executive is ultimately accountable to the Board, and as Accountable Officer to the Secretary of State, for ensuring that the Board meets its obligation to perform its functions within the available financial resources. The Chief Executive who has overall executive responsibility for the Trust's activities; is responsible to the Board for ensuring that its financial obligations and targets are met and has overall responsibility for the Trust system of internal control.

3.2.3 It is a duty of the Chief Executive to ensure that the members of the Board and employees

and all new appointees are notified and understand their responsibilities within these Instructions. The Executive Director of Finance, Performance and Estates

3.2.4 The Executive Director of Finance, Performance and Estates is responsible for;

- a) implementing the Trust's financial policies and for coordinating 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 the Trust's transactions, in order to disclose, with reasonable accuracy, the financial position of the Trust at any time; and without prejudice to any other functions of directors and employees to the Trust, the duties of the Executive Director of Finance, Performance and Estates include: the provision of financial advice to the Trust and its directors and employees;
- d) the design, implementation and supervision of systems of financial control; and
- e) the preparation and maintenance of such accounts, certificates, estimates, records and reports as the Trust may require for the purpose of carrying out its statutory duties.

3.3 Board Members and Employees

3.3.1 Board members and employees severally and collectively, are responsible for:

- a) the security of the property of the Trust;
- b) avoiding loss;
- c) exercising economy and efficiency in the use of resources; and
- d) conforming with the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation.

3.3.2 In the absence of a Board Member or Employee to whom powers have been delegated, those powers shall be exercised by that Director or Officers deputy unless alternative arrangements have been requested by the Trust Board.

3.4 Contractors and their employees

3.4.1 Any contractor or employee of a contractor who is empowered by the Trust to commit the Trust 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.

- 3.5.1 For any and all Directors and employees who carry out a financial function, the form in which financial records are kept and the manner in which directors and employees discharge their duties must be to the satisfaction of the Executive Director of Finance, Performance and Estates.
- 3.5.2 All members of the Trust Board and employees are expected to adhere to the Nolan Principles which are the basis of ethical standards expected of public office holders. The seven principles of public life apply to anyone who works as a public office holder and all people appointed to work in public services including all people working within the health sector.
- 3.5.3 The seven principles are:
- a) Selflessness – holders of public office should act solely in terms of the public interest
 - b) Integrity – Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships
 - c) Objectivity – Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias
 - d) Accountability – Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this
 - e) Openness – Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing
 - f) Honesty – Holders of public office should be truthful
 - g) Leadership – Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs

4. AUDIT

4.1 Audit Committee

- 4.1.1 The Audit Committee's primary role is to conclude upon the adequacy and effective operation of the Trust's overall internal control system. In performing that role the Committee's work will predominantly focus upon the framework of risks, controls and related assurances that underpin the delivery of the Trust's objectives.
- 4.1.2 As a result, the Committee has a pivotal role to play in reviewing the disclosure statements that flow from the Trust's assurance processes. In particular this includes the Annual Governance Statement, included in the Annual Report, and this document

should be presented to the Committee before being submitted for approval to the Trust Board.

- 4.1.3 It is clearly the job of the Trust Board, Chief Executive and Executive Directors to establish and maintain process for governance. The Committee independently monitors, reviews and reports to the Trust Board on the processes of governance, and, where appropriate, facilitates, supports, through its independence, the attainment of effective processes.
- 4.1.4 In accordance with Standing Orders the Board shall formally establish an Audit Committee, with clearly defined terms of reference and following guidance from the NHS Audit Committee Handbook (2018), which will provide an independent and objective view of internal control by:
- a) Ensuring that there is an effective internal audit function that meets mandatory NHS Internal Audit Standards and provides appropriate independent assurance to the Committee, Chief Executive and the Board;
 - b) Overseeing Internal and External Audit services and assessing the work and fees of external audit on an annual basis to ensure that the work is of a sufficiently high standard and that the fees are reasonable;
 - c) Reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgments;
 - d) Reviewing the establishment and maintenance of an effective system of integrated governance, risk management and internal control across the whole of the organisation and its activities (both clinical and non- clinical), that supports the achievement of the organisation's objectives;
 - e) Monitoring compliance with Standing Orders and Standing Financial Instructions;
 - f) Reviewing schedules of losses and compensations and making recommendations to the Board.
 - g) Receive details of waivers approved.
 - h) Reviewing the arrangements in place to support the Assurance Framework process prepared on behalf of the Board and advising the Board accordingly. In addition, the Committee will review the work of other Trust committees whose work provides assurance;
 - i) Ensuring that the organisation has adequate arrangements in place for countering fraud and reviewing the outcomes of counter fraud work;
- 4.1.5 The Trust Board should satisfy itself that at least one member of the Committee has recent and relevant financial experience.
- 4.1.6 Where the Audit Committee has evidence of ultra vires transactions or evidence of improper acts, the chairman of the Audit Committee should instigate an investigation. The findings of this investigation should be referred to a full meeting of the Board as appropriate.

Exceptionally, the matter may need to be referred to the Department of Health (To the Executive Director of Finance, Performance and Estates in the first instance).

- 4.1.7 It is the responsibility of the Executive Director of Finance, Performance and Estates to ensure an adequate internal audit service is provided and the Audit Committee shall be involved in the selection process when an internal audit service provider is changed.

4.2 Executive Director of Finance, Performance and Estates

- 4.2.1 It is the responsibility of the Executive Director of Finance, Performance and Estates to ensure an adequate Internal Audit service is provided and the Audit Committee shall be involved in the selection process when/if an Internal Audit service provider is re-appointed, extended or changed.

- 4.2.2 The Executive Director of Finance, Performance and Estates is responsible for:

- a) ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control by the establishment of an internal audit function;
- b) ensuring that the internal audit is adequate and meets the NHS mandatory audit standards;
- c) deciding at what stage to involve the police in cases of fraud, bribery, misappropriation and other irregularities;
- d) ensuring that an annual audit report is prepared for the consideration of the Audit Committee and the Board. The report must cover:
 - a clear statement on the effectiveness of internal controls in accordance with current assurance framework guidance issued by the Department of Health including for example compliance with control criteria and standards;
 - major internal (financial) control weaknesses discovered;
 - progress on the implementation of internal audit recommendations;
 - progress against plan over the previous year;
 - strategic audit plan covering the coming three years;
 - a detailed plan for the coming year.

- 4.2.3 The Executive Director of Finance, Performance and Estates or designated auditors are entitled without necessarily giving prior notice to require and receive:

- 3 access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
- 4 access at all reasonable times to any land, premises or employee of the Trust;
- 5 the production of any cash, stores or other property of the Trust under an employee's

control; and

6 explanations concerning any matter under investigation.

4.3 Role of internal audit

4.3.1 Internal Audit will, in accordance with recognised professional best practice, review, appraise and report upon:

- a) the extent of compliance with, and the financial effect of, relevant established policies, plans and procedures;
- b) the adequacy and application of financial and other related management controls;
- c) the suitability of financial and other related management data;
- d) the extent to which the Trust's assets and interest are accounted for and safeguarded from loss of any kind, arising from:
 - fraud, bribery and other offences,
 - waste, extravagance, inefficient administration,
 - poor value for money or other causes.
- e) Internal Audit shall also independently verify the Assurance Statements in accordance with guidance from the Department of Health.
- f) Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores, or other property or any suspected irregularity in the exercise of any function of a pecuniary nature, the Executive Director of Finance, Performance and Estates must be notified immediately.
- g) The Head of Internal Audit will normally attend Audit Committee meetings and has a right of access to all Audit Committee Members, the Chairman and Chief Executive of the Trust.
- h) The Head of Internal Audit will be accountable to the Executive Director of Finance, Performance and Estates. The reporting system for Internal Audit shall be agreed between the Executive Director of Finance, Performance and Estates, the Audit Committee and the Internal Auditors. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit Manual. The reporting system shall be reviewed at least every 3 year.

4.4 External audit

4.4.1 The external auditor is appointed by the Auditor Panel and paid for by the Trust in accordance with the Local Audit Accountability Act 2014 which requires NHS Trusts to locally appoint their own auditors from 2017/18. The Audit Committee must ensure a cost-efficient service and high quality service is received, this will be monitored via the Audit Committee. The Audit Panel will consist of the Audit Committee members plus the Director of Nursing & Quality.

4.5 Fraud, Bribery & Corruption

- 4.5.1 Fraud is defined as “dishonestly making a false representation, failing to disclose information or abusing a position held, with the intention of making financial gain or causing a financial loss” as defined in the Fraud Act 2006.
- 4.5.2 Frauds can take various forms, including:
- a) Fraud by false representation; by dishonestly making a false representation by making the representation to make a gain for yourself or another, or to cause loss to another or expose another to risk of loss. A representation is false if it is untrue or misleading, and the person making it knows that it is, or might be, untrue or misleading. An example of this would be an employee submitting a false expenses claim form for payment.
 - b) Fraud by failing to disclose information; by dishonestly failing to disclose to another person information which you are under a legal duty to disclose and intends, by failing to disclose the information, to make a gain for themselves or another, or to cause loss to another or expose another to the risk of loss. An example of this would be an employee failing to disclose a criminal conviction that would affect their working practices.
 - c) Fraud by abuse of position; by occupying a position in which you are expected to safeguard, or not to act against, the financial interests of another person, and dishonestly abusing that position, intending, by means of the abuse of that position, to make a gain for themselves or another, or to cause loss to another or to expose another to a risk of loss. An example of this would be a Chief Financial Officer diverting company monies from an employer’s bank account into their own personal bank account.
- 4.5.3 The Bribery Act 2010 repealed previous corruption legislation and has introduced the offences of offering and/or receiving a bribe. It also places specific responsibility on NHS Trusts to have in place sufficient and adequate procedures to prevent bribery and corruption taking place. From July 2011 when the act came into force, the four main offences of Bribery are defined as:
- a) Offering a bribe;
 - b) Receiving a bribe
 - c) Bribing a foreign public official and;
 - d) Failure to prevent bribery
- 4.5.4 Bribery is defined as “the offering, promising, giving, receiving, or soliciting of something of value for the purpose of influencing the action of an official in the discharge of his/her public or legal duties”. Bribery occurs when an individual offers, promises or gives a financial or other advantage to another person and intends that advantage to a) induce a person to perform improperly a relevant functions of activity in order and/or b) knows or believes that acceptance of the advantage would itself constitute the improper performance of a relevant activity or function.
- 4.5.5 Corruption is broadly defined as “where someone is influenced by bribery, payment or benefit in kind to unreasonably use their position to give some advantage to themselves

or to another". Corruption does not always result in loss. The corrupt person may not benefit directly from their deeds; however, they may be unreasonably using their position to give some advantage to another.

- 4.5.6 In line with their responsibilities, the Chief Executive and Executive Director of Finance, Performance & Estates shall monitor and ensure compliance with Directions issued by the Secretary of State for Health on fraud and corruption. The Audit Committee shall oversee the function.
- 4.5.7 The Trust Board shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist whose role and responsibilities are determined by the NHS Counter Fraud Authority, the NHS Counter Fraud Authority NHS Anti-Fraud Manual and Service Condition 24 of the Standard NHS Contract
- 4.5.8 The Local Counter Fraud Specialist shall report to the Executive Director of Finance, Performance & Estates and shall work with staff in the NHS Business Service Authority in accordance with NHS Counter Fraud Authority's Anti-Fraud Manual
- 4.5.9 The Local Counter Fraud Specialist will provide a written report, and a work plan, at least annually, on counter fraud work within the Trust.
- 4.5.10 The Executive Director of Finance, Performance & Estates is responsible for providing detailed procedures to enable the Trust to minimise and, where possible, to eliminate fraud and corruption. These procedures are included in the Trust's Local Counter Fraud Policy (2.14) which sets out action to be taken by persons detecting a suspected fraud and persons responsible for investigating it.
- 4.5.11 The measures that are put in place shall be sufficient to satisfy all external bodies to whom the Trust is accountable to, through:
 - a) Encouraging prevention
 - b) Promoting detection
 - c) Ensuring investigation and remedial actions are undertaken promptly, thoroughly and effectively
- 4.5.12 Fraud and corruption shall be dealt with as gross misconduct.
- 4.5.13 It is expected that all officers shall act with the utmost integrity, ensuring adherence to all relevant regulations and procedures. It is the responsibility of the Executive Director of Finance, Performance & Estates to produce and issue such procedures to the appropriate Directors and Line Managers who should ensure that all staff has access to these.
- 4.5.14 The Director of Human Resources is responsible for ensuring that steps are taken at the recruitment stage to establish as far as possible the previous record of potential employees in terms of their propriety and integrity.
- 4.5.15 Staff are expected to act in accordance with the Trust's SOs and the NHS Code of Business Conduct following guidance on the receipt of gifts and hospitality.

- 4.5.16 Independent members are subject to the same high standards of accountability and are required to declare and register any interests which might potentially conflict with those of the Trust.
- 4.5.17 The Local Counter Fraud Specialist shall be informed of all suspected or detected fraud so that they can consider the adequacy of the relevant controls and evaluate the implication of fraud for their opinion on the system of risk management, control and guidance.
- 4.5.18 The Executive Director of Finance, Performance & Estates is responsible for ensuring that action is taken to investigate any allegations of fraud or corruption through the Local Counter Fraud Specialist.
- 4.5.19 Senior managers are expected to deal firmly and promptly and in accordance with the Trust's disciplinary procedure with anyone who attempts to defraud the Trust or acts in a corrupt manner.

4.6 Security Management

- 4.6.1 In line with their responsibilities, the Trust Chief Executive will monitor and ensure compliance with Directions issued by the Secretary of State for Health on NHS security management and ensure compliance with the current NHS Standard Contract.
- 4.6.2 The Trust shall nominate a suitable person to carry out the duties of the Local Security Management Specialist (LSMS) as specified by the Secretary of State or Health guidance on NHS security management and in compliance with the current NHS Standard Contract.
- 4.6.3 The Trust may nominate a Non-Executive Director to be responsible to the Board for NHS security management.
- 4.6.4 The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the Security Manager and Chief Information Officer.

5 ALLOCATIONS, BUSINESS PLANNING, BUDGETS, BUDGETARY CONTROL, AND MONITORING

5.1 Preparation and approval of business plans and budgets

- 5.1.1 The Chief Executive will compile and submit to the Board an annual Operational Plan which takes into account financial targets and forecast limits of available resources. The Plan will contain:
 - a) a statement of the significant assumptions on which the plan is based;
 - b) details of major changes in workload, delivery of services or resources required to achieve the plan.

- 5.1.2 Prior to the start of the financial year the Executive Director of Finance, Performance and Estates will, on behalf of the Chief Executive, prepare and submit budgets for approval by the Board. Such budgets will:
- a) be in accordance with the aims and objectives set out in the Operational Plan;
 - b) accord with workload and manpower plans;
 - c) be produced following discussion with appropriate budget holders;
 - d) be prepared within the limits of available funds; and
 - e) identify potential risks and mitigations
 - f) Have due consideration of the impact on the quality and safety of patient care
- 5.1.3 The Executive Director of Finance, Performance and Estates shall monitor financial performance against budget and business plan, periodically review them, and report to the Board.
- 5.1.4 All budget holders must provide financial or non-financial information as required by the Executive Director of Finance, Performance and Estates to enable budgets to be compiled.
- 5.1.5 All budget holders will sign up to their allocated budgets at the commencement of each financial year.
- 5.1.6 The Executive Director of Finance, Performance and Estates has a responsibility to ensure that adequate training is delivered on an ongoing basis to budget holders to help them manage successfully.

5.2 Budgetary delegation

- 5.2.1 The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:
- a) the amount of the budget;
 - b) the purpose(s) of each budget heading;
 - c) individual and group responsibilities;
 - d) authority to exercise transfers between budgets;
 - e) achievement of planned levels of service; and
 - f) the provision of regular reports.

- 5.2.2 The Chief Executive and delegated budget holders must not exceed the budgetary total or budget virement limits set by the Board. The Scheme of Delegation clearly sets out the authorisation limits. On no account can a member of staff authorise expenditure against a cost centre for which he or she is not an authorised signatory. A list of authorised signatories is kept by the Director of Finance, Performance and Estates.
- 5.2.3 Any additions to the authorised signatory list should be approved by the Budget Holder and the Deputy Director of Finance.
- 5.2.4 The Trust Board, acting upon the advice of the Director of Finance, Performance and Estates, will periodically review and approve the income and expenditure limits within which budget holders operate. These limits will be laid down in the Scheme of Delegation.
- 5.2.5 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.
- 5.2.6 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the Executive Director of Finance, Performance and Estates.

5.3 Budgetary Control and Reporting

- 5.3.1 The Executive Director of Finance, Performance and Estates will devise and maintain systems of budgetary control. These will include:
- a) monthly financial reports to the Board in a form approved by the Board containing:
 - income and expenditure to date showing trends, variances to plan and forecast year-end position;
 - Monitoring of contract performance;
 - Monitoring of agency usage and expenditure;
 - movements in working capital;
 - movements in cash and capital, capital project spend and projected outturn against plan;
 - Cost improvement plan savings year to date and full year values / forecast outturn with analysis of the type of i.e. recurrent or non recurrent savings
 - explanations of any material variances from plan;
 - details of any corrective action where necessary and the Chief Executive's and/or Executive Director of Finance, Performance and Estates 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, workload and manpower budgets;
- d) monitoring of management action to correct variances; and
- e) arrangements for the authorisation of budget transfers.
- f) the financial consequences of changes in policy, pay awards and other events and trends affecting budgets and shall advise on the financial and economic aspects of future plans and projects.

5.3.2 Each Budget Holder is responsible for ensuring that:

- a) expenditure is appropriately managed within budget escalating any issues and overspends through management structures;
- 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 budget transfer;
- c) no permanent employees are appointed without the approval of the Chief Executive other than those provided for in the budgeted establishment as approved by the Board. Recruitment to budgeted posts will be subject to approval by the Trust Establishment Control Panel in line with the policy.
- d) no expenditure is incurred against a budget outside of their particular remit without the express consent of the delegated Budget Holder for the budget concerned

5.3.3 The Chief Executive is responsible for identifying and implementing cost improvements and income generation initiatives in accordance with the requirements of the Operating Plan and a balanced budget.

5.3.4 All employees of the Trust, especially those involved with the budgetary process, have a responsibility to the Trust Board for identifying all possible opportunities to make savings or to use Trust resources more effectively. All such opportunities should be brought to the attention of the appropriate Executive Director, Clinical Director or Associate Director for consideration and possible inclusion in the plans of the directorate.

5.3.5 The Executive Director of Finance, Performance & Estates reserves the right to have access to all Budget Holders and has the authority to require explanations on performance and spending and income trends within the remit of the Budget Holder. In normal circumstances, access will be through the relevant Executive Director and/or Associate Director.

5.3.6 Budget virements between pay and non-pay must be agreed in line with the scheme of delegation.

5.4 Capital expenditure

5.4.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. (The particular applications relating to capital are contained in Section 16).

5.5 Monitoring returns

- 5.5.1 The Chief Executive is responsible for ensuring that the appropriate monitoring forms are submitted to the requisite monitoring organisation in the format and timeframes required.

6 ANNUAL ACCOUNTS AND REPORTS

- 6.1** The Executive Director of Finance, Performance and Estates, on behalf of the Trust, will:
- a) prepare financial returns in accordance with the accounting policies and guidance given by the Department of Health and Social Care and the Treasury, the Trust's accounting policies, and International Financial Reporting Standards;
 - b) prepare and submit annual financial reports to the Department of Health and Social Care certified in accordance with current guidelines; and
 - c) submit financial returns to the Department of Health and Social Care for each financial year in accordance with the timetable prescribed by the Department of Health and Social Care.
- 6.2** The Trust's annual accounts must be audited by an auditor appointed by the Auditor Panel. The Trust's Audited Annual Accounts must be presented to a public meeting.
- 6.3** The Trust will publish an Annual Report, in accordance with guidelines on local accountability and present it at a public meeting. The document will comply with the Department for Health's Manual for Accounts.

7 BANK AND GBS ACCOUNTS

7.1 General

- 7.1.1 The Executive Director of Finance, Performance and Estates is responsible for managing the Trust's banking arrangements and for advising the Trust 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 Department of Health.
- 7.1.2 In line with 'Cash Management in the NHS' Trusts should minimise the use of commercial bank accounts and consider using Government Banking Services (GBS) accounts for all banking services.
- 7.1.3 The Board shall approve the banking arrangements.

7.2 Bank and OPG accounts

- 7.2.1 The Executive Director of Finance, Performance and Estates is responsible for:
- a) Commercial bank accounts and Government Banking Service (GBS) accounts;
 - b) establishing separate bank accounts for the Trust's non-exchequer funds if required;
 - c) ensuring payments made from commercial bank or GBS accounts do not exceed the

amount credited to the account except where arrangements have been made; and

- d) reporting to the Board all arrangements made with the Trust's bankers for accounts to be overdrawn.
- e) monitoring compliance with Department of Health and Social Care guidance on the level of cleared funds.
- f) Establishing treasury policies and procedures to ensure the effective management of cash and bank balances

7.3 Banking procedures

- 7.3.1 The Executive Director of Finance, Performance and Estates will prepare detailed instructions on the operation of commercial bank and GBS accounts which include:
 - a) the conditions under which each commercial bank and GBS account is to be operated;
 - b) those authorised to sign cheques or other orders drawn on the Trust's accounts.
- 7.3.2 All funds shall be held in accounts in the name of the Trust. No officer other than the Chief Financial Officer shall open any bank account in the Trusts name or include the name of the Trust.
- 7.3.3 All bank cheques or other orders for payment shall be ordered only upon the authority of the Chief Financial Officer, who shall make proper arrangements for their safe custody.
- 7.3.4 The Executive Director of Finance, Performance and Estates must advise the Trust's bankers in writing of the conditions under which each account will be operated

7.4 Tendering and review

- 7.4.1 The Executive Director of Finance, Performance and Estates will review the commercial banking arrangements of the Trust at regular intervals to ensure they reflect best practice and represent best value for money by periodically seeking competitive tenders for the Trust's commercial banking business. The results of the tendering exercise should be reported to the Board. This review is not necessary for GBS accounts.

8 INCOME, FEES AND CHARGES AND SECURITY OF CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUMENTS

8.1 Income systems

- 8.1.1 The Executive Director of Finance, Performance and Estates is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, and collection and coding of all monies due. The Executive Director of Finance, Performance and Estates is also responsible for the prompt banking of all monies received.
- 8.1.2 Any income raised from income generation and from contracts with non NHS bodies will be reinvested in service provision.

8.2 Fees and charges

- 8.2.1 The Trust shall follow the Department of Health and Social Care's Operating Framework and advice in the "Costing" Manual in setting prices for clinical NHS services agreements.
- 8.2.2 The Executive Director of Finance, Performance and Estates is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health or by Statute. Independent professional advice on matters of valuation shall be taken as necessary. Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered the guidance in the Department of Health's Commercial Sponsorship – Ethical standards in the NHS shall be followed.
- 8.2.3 All employees must inform the Executive Director of Finance, Performance and Estates promptly of money due arising from transactions which they initiate / deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.

8.3 Debt recovery

- 8.3.1 The Executive Director of Finance, Performance and Estates is responsible for the appropriate recovery action on all outstanding debts.
- 8.3.2 The Executive Director of Finance, Performance and Estates shall establish procedures for the write off of debts after all reasonable steps have been taken to secure payments, including debt recovery by external organisations. Where sums to be written off exceed £10,000, the Executive Director of Finance, Performance and Estates will seek the consent of the Chief Executive and items exceeding £50,000 will require consent of the Trust Board.
- 8.3.3 Income not received should be dealt with in accordance with losses procedures.
- 8.3.4 Overpayments should be detected (or preferably prevented) and recovery initiated.

8.4 Security of cash, cheques and other negotiable instruments

- 8.4.1 The Executive Director of Finance, Performance and Estates 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 employees 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;
 - d) prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust.
- 8.4.2 Official money shall not under any circumstances be used for the encashment of private cheques or IOUs.

- 8.4.3 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Executive Director of Finance, Performance and Estates.
- 8.4.4 The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Trust is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Trust from responsibility for any loss.
- 8.4.5 The Executive Director of Finance, Performance and Estates shall prescribe the system for the transporting of cash and other negotiable instruments. Wherever practicable, the services of a specialist security firm will be employed.
- 8.4.6 All unused cheques and other orders shall be subject to the same security precautions as are applied as cash. Bulk stocks of cheques shall be retained by the Trust under appropriate security arrangements and a record maintained of cheques used.
- 8.4.7 All cheques shall be subject to special security precautions as may be required from time to time by the Executive Director of Finance, Performance and Estates.
- 8.4.8 Staff shall be informed in writing on appointment, by the appropriate departmental or senior member of staff of their responsibilities and duties for the collection, handling or disbursement of cash, cheques, etc.
- 8.4.9 Any loss or shortfall of cash, cheques or other negotiable instruments, however occasioned, shall be reported immediately in accordance with the Losses and Special Payments policy.
- 8.4.10 All payments made on behalf of the Trust to third parties should normally be made using the Bankers Automated Clearing System (BACS) or by Faster Payments and drawn in accordance with these instructions, except with the agreement of the Executive Director of Finance, Performance and Estates, as appropriate, who shall be satisfied about security arrangements.
- 8.4.11 To comply with money laundering legislation, under no circumstances will the Trust accept cash payments in excess of £10,000 in respect of any single transaction. Any attempts by an individual to effect payment above this amount shall be notified immediately to the Executive Director of Finance, Performance and Estates.

9 TENDERING AND CONTRACTING PROCEDURE

9.1 Duty to comply with Standing Orders and Standing Financial Instructions

- 9.1.1 The procedure for making all contracts by or on behalf of the Trust shall comply with these Standing Orders and Standing Financial Instructions (except where Standing Order No. 3.13 Suspension of Standing Orders is applied).

9.2 EU Directives Governing Public Procurement

- 9.2.1 Directives by the Council of the European Union promulgated by the Department of Health and Social Care (DH) prescribing procedures for awarding all forms of contracts shall have effect as if incorporated in these Standing Orders and Standing Financial Instructions.

9.3 Reverse e Auctions

- 9.3.1 The Trust will seek advice from a relevant collaborative partner on the operation of Reverse eAuctions via the Supplies and Procurement Department.

9.4 Capital Investment Manual and other Department of Health Guidance

- 9.4.1 The Trust shall comply as far as is practicable with the requirements of the Department of Health and Social Care "Capital Investment Manual" and "Estate code" and "Procure 22" (normally to be considered for all schemes in excess of £1 million) in respect of capital investment and estate and property transactions.
- 9.4.2 In addition, "Concode (volume 1 – 3)" and "NHS Estates Agreement for the Appointment of Architects, Surveyors and Engineers for Commissions in the National Health Service" provides specific guidance relating to the procurement and execution of construction contracts and design consultant commissions.
- 9.4.3 In the case of management consultancy contracts the Trust shall comply as far as is practicable with Department of Health and Social Care guidance "The Procurement and Management of Consultants within the NHS".

9.5 Formal Competitive Tendering

- 9.5.1 The Trust shall ensure that compliant procurement processes are followed for:
- a) the supply of goods, materials and manufactured articles;
 - b) the rendering of services including all forms of management consultancy services (other than specialised services sought from or provided by the Department of Health and Social Care);
 - c) For the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens); for disposals.
- 9.5.2 Where the Trust elects to procure the supply of healthcare services these Standing Orders and Standing Financial Instructions shall apply as far as they are applicable to the tendering procedure and need to be read in conjunction with Standing Financial Instruction No. 18 and No. 19.
- 9.5.3 Exceptions and instances where formal compliant procurement processes need not be applied
- 9.5.4 Formal compliant procurement procedures **need not be applied** where:
- a) the estimated expenditure or income does not, or is not reasonably expected to, exceed the tendering limit specified in the Trust's Scheme of Delegation;
 - b) where the supply is proposed under special arrangements negotiated by the Department

of Health and Social Care in which event the said special arrangements must be complied with;

- b) regarding disposals as set out in Standing Financial Instructions No. 18;
- c) the proposed expenditure is for a membership / subscription with a professional body;
- d) the proposed expenditure is for the secondment of a staff member from an ICS partner.

9.5.5 Formal compliant procurement procedures **may be waived** in the following circumstances where expenditure is > £15,000:

- a) in very exceptional circumstances where the Chief Executive decides that a fully compliant procurement process would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate Trust record;
- b) where the requirement is covered by an existing contract;
- c) where National NHS procurement frameworks agreements are in place and have been approved by the Board;
- d) where a consortium arrangement is in place and a lead organisation has been appointed to carry out a compliant procurement process on behalf of the consortium members;
- e) where the timescale genuinely precludes competitive tendering but failure to plan the work properly would not be regarded as a justification for a single tender;
- f) where specialist expertise is required and is available from only one source;
- g) when the task is essential to complete the project, and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate;
- h) where there is a clear benefit to be gained from maintaining continuity with an earlier project. However in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering;
- i) for the provision of legal advice and services providing that any legal firm or partnership commissioned by the Trust is regulated by the Law Society for England and Wales for the conduct of their business (or by the Bar Council for England and Wales in relation to the obtaining of Counsel's opinion) and are generally recognised as having sufficient expertise in the area of work for which they are commissioned.

9.5.6 The Director of Finance, Performance and Estates will ensure that any fees paid are reasonable and within commonly accepted rates for the costing of such work.

9.5.7 The waiving of a compliant procurement process should not be used to avoid competition or for administrative convenience or to award further work to a consultant originally appointed through a competitive procedure.

9.5.8 Where it is decided that compliant procurement is not applicable and should be waived, the fact of the waiver and the reasons should be documented and recorded in an appropriate Trust record and reported to the Audit Committee at each meeting.

9.5.9 Where the exceptions set out in SFI Nos. 9.1 and 9.5.3 apply, the Trust shall ensure that invitations to tender are sent to a sufficient number of firms / individuals to provide fair and adequate competition as appropriate, and in no case less than two firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.

- 9.5.10 All suppliers must be made aware of the Trust's terms and conditions of contract.
- 9.5.11 Firms who apply to tender shall ensure that when engaging, training, promoting or dismissing employees or in any conditions of employment, shall not discriminate against any person because of colour, race, ethnic or national origins, religion or sex, and will comply with the provisions of the Equal Pay Act 1970, the Sex Discrimination Act 1975, the Race Relations Act 1976, and the Disabled Persons (Employment) Act 1944 and any amending and/or related legislation.
- 9.5.12 Firms shall conform at least with the requirements of the Health and Safety at Work Act and any amending and/or other related legislation concerned with the health, safety and welfare of workers and other persons, and to any relevant British Standard Code of Practice issued by the British Standard Institution. Firms must provide, to the appropriate manager, a copy of its safety policy and evidence of the safety of plant and equipment, when requested.
- 9.5.13 The Executive Director of Finance, Performance and Estates may make or institute any enquiries he deems appropriate concerning the financial standing and financial suitability of approved contractors. The Director with lead responsibility for clinical governance will similarly make such enquiries as is felt appropriate to be satisfied as to their technical/medical competence.
- 9.5.14 The Trust has access to an approved supplier list for temporary agency recruitment via Agency Framework information. This list has been subject to due procurement process. Suppliers from this list must be utilised by the budget holder in all cases of temporary staff recruitment via an external agency.
- 9.5.15 It is the budget holder's responsibility to ensure full awareness of the supplier's terms and conditions of engagement before committing to recruit any temporary agency resource. Failure to understand the terms and conditions of engagement fully, could result by default, as an acceptance of the suppliers own Terms and Conditions of contract, exposing the Trust to unnecessary contractual risk and financial exposure (for example, significantly high introductory fees if the Trust proceeds to employ permanently the temporary agency resource).
- 9.5.16 If a budget holder uses a supplier for temporary agency recruitment that is not on the approved supplier list, the use of such a supplier could lead to a contravention of Official Journal of European Union (OJEU) Procurement regulations. The noncompliance would also be a breach of these SFIs which could result in disciplinary proceedings and be reported to Audit Committee.
- 9.5.17 It is the responsibility of the budget holder who is committing the Trust to temporary resource to ensure that all relevant pre-employment checks have been completed to avoid exposing the Trust and patients to unnecessary risk. The use of suppliers for temporary agency resource who are not on the approved supplier list may not in some cases have adopted a policy of conducting these checks prior to supplying the temporary resource to the Trust
- 9.5.18 Further commercial advice regarding the recruitment of temporary agency staff should be sought from the Trust Supplies and Procurement lead.
- 9.5.19 Competitive Tendering cannot be waived for building and engineering construction works and maintenance (other than in accordance with Concode) without Departmental of Health and Social Care approval.
- 9.5.20 Items estimated to be below the limits set in this Standing Financial Instruction for which compliant procurement procedures are not used which subsequently prove to have a value above such limits shall be reported to the Chief Executive, and be recorded in an appropriate Trust record.

9.6 Contracting/Tendering Procedure

9.6.1 For all tenders (both e-procurement and non e-procurement):

- a) All invitations to tender shall state the date and time as being the latest time for the receipt of tenders and that no tender will be accepted beyond this date
- b) Non e-procurement invitations to tender shall state that no tender will be accepted unless:
 - submitted in a plain sealed package or envelope bearing a pre-printed label supplied by the Trust (or the word "tender" followed by the subject to which it relates) and the latest date and time for the receipt of such tender addressed to the Chief Executive or nominated Manager;
 - that tender envelopes / packages shall not bear any names or marks indicating the sender. The use of courier / postal services must not identify the sender on the envelope or on any receipt so required by the deliverer.
- c) Every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable.
- d) Every tender for building or engineering works (except for maintenance work, when Estmancode guidance shall be followed) shall embody or be in the terms of the current edition of one of the Joint Contracts Tribunal Standard Forms of Building Contract or Department of the Environment (GC/Wks) Standard forms of contract amended to comply with Concode; or, when the content of the work is primarily engineering, the General Conditions of Contract recommended by the Institution of Mechanical and Electrical Engineers and the Association of Consulting Engineers (Form A), or (in the case of civil engineering work) the General Conditions of Contract recommended by the Institute of Civil Engineers, the Association of Consulting Engineers and the Federation of Civil Engineering Contractors. These documents shall be modified and / or amplified to accord with Department of Health guidance and, in minor respects, to cover special features of individual projects. The NEC form of contract and the Model Form of Engineering Contract should be used whenever applicable. Tendering based on other forms of contract (P22) may be used following consultation with the Department of Health and Social Care.

9.7 Receipt and safe custody of tenders

9.7.1 For e-Procurement tenders:

- a) As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, an authorised person within the originating department (band 5 or above) who was duly named during the tendering process, will access the e-procurement system and authorise the electronic opening of all submitted tenders
- b) The e-Procurement system will automatically register the details of opening i.e. date, time, authorised person
- c) The e-Procurement system will retain a log for each set of competitive tender invitations dispatched:
 - The name of the individuals invited
 - The names of firms individuals from which tenders have been received
 - The price shown on each tender
- d) Incomplete tenders, i.e. those from which information necessary for the adjudication of the tender is missing, should be dealt with in the same way as late tenders (see SFI 8.10).

9.7.2 For non e-Procurement tenders:

- a) The Chief Executive or his nominated representative will be responsible for the receipt, endorsement and safe custody of tenders received until the time appointed for their opening.
- b) The date and time of receipt of each tender shall be endorsed on the tender envelope / package.
- c) 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 two senior officers / managers designated by the Chief Executive and not from the originating department
- d) A member of the Trust Board will be required to be one of the two approved persons present for the opening of tenders estimated above £100,000. The rules relating to the opening of tenders will need to be read in conjunction with any delegated authority set out in the Trust's Scheme of Delegation
- e) The 'originating' Department will be taken to mean the Department sponsoring or commissioning the tender.
- f) The involvement of Finance Directorate staff in the preparation of a tender proposal will not preclude the Director of Finance, Performance and Estates or any approved Senior Manager from the Finance Directorate from serving as one of the two senior managers to open tenders.
- g) All Executive Directors / members will be authorised to open tenders regardless of whether they are from the originating department provided that the other authorised person opening the tenders with them is not from the originating department.
- h) The Trust's Associate Director of Governance will count as a Director for the purposes of opening tenders.
- i) Every tender received shall be marked with the date of opening and initialled by those present at the opening.
- j) A register shall be maintained by the Chief Executive, or a person authorised by him, to show for each set of competitive tender invitations dispatched:
 - the name of all firms individuals invited;
 - the names of firms individuals from which tenders have been received;
 - the date the tenders were opened;
 - the persons present at the opening;
 - the price shown on each tender;
 - a note where price alterations have been made on the tender.
- k) Each entry to this register shall be signed by those present.
- l) A note shall be made in the register if any one tender price has had so many alterations that it cannot be readily read or understood
- m) Incomplete tenders, i.e. those from which information necessary for the adjudication of the tender is missing, and amended tenders i.e., those amended by the tenderer upon his own initiative either orally or in writing after the due time for receipt, but prior to the opening of other tenders, should be dealt with in the same way as late tenders (Standing Order No. 9.6.5 below).

- 9.7.3 If for any reason the designated officers are of the opinion that the tenders received are not strictly competitive (for example, because their numbers are insufficient or any are amended, incomplete or qualified) no contract shall be awarded without the approval of the Chief Executive.
- 9.7.4 Where only one tender is sought and/or received, the Chief Executive and Director of Finance, Performance and Estates shall, as far practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for the Trust.
- 9.7.5 Late tenders will be dealt with as follows:
- a) Tenders received after the due time and date, but prior to the opening of the other tenders, may be considered only if the Chief Executive or his nominated officer decides that there are exceptional circumstances i.e. dispatched in good time but delayed through no fault of the tenderer.
 - b) Only in the most exceptional circumstances will a tender be considered which is received after the opening of the other tenders and only then if the tenders that have been duly opened have not left the custody of the Chief Executive or his nominated officer or if the process of evaluation and adjudication has not started.
 - c) While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential, recorded, and held in safe custody by the Chief Executive or his nominated officer.

9.7.6 Acceptance of formal tenders is subject to the following: (See overlap with SFI No. X.X)

- a) Any discussions with a tenderer which are deemed necessary to clarify technical aspects of his tender before the award of a contract will not disqualify the tender.
- b) The lowest tender, if payment is to be made by the Trust, or the highest, if payment is to be received by the Trust, shall be accepted unless there are good and sufficient reasons to the contrary. Such reasons, which may include technical suitability, adherence to the specification, service record of the proposed successful supplier and other non-financial factors that have a bearing on the total cost and are relevant to the procurement in question shall be set out in either the contract file, or other appropriate record. It is accepted that for professional services such as management consultancy, the lowest price does not always represent the best value for money. Other factors affecting the success of a project include:
 - experience and qualifications of team members;
 - understanding of client's needs;
 - feasibility and credibility of proposed approach;
 - ability to complete the project on time.
- c) Where other factors are taken into account in selecting a tenderer, these must be clearly recorded and documented in the contract file, and the reason(s) for not accepting the lowest tender clearly stated.
- d) No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with these Instructions except with the authorisation of the Chief Executive.
- e) The use of these procedures must demonstrate that the award of the contract was:
 - not in excess of the going market rate / price current at the time the contract was awarded;
 - that best value for money was achieved.
- f) All tenders should be treated as confidential and should be retained for inspection.

9.7.7 Reports to the Trust Board will be made on an exceptional circumstance basis only.

9.8 Quotations: Competitive and non-competitive

9.8.1 Quotations are required where formal tendering procedures are not adopted and where the intended expenditure or income falls within the limits set out in the Trust's Scheme of Delegation.

9.8.2 Competitive Quotations

- a) Quotations should be obtained from at least three firms / individuals based on specifications or terms of reference prepared by, or on behalf of, the Trust.
- b) Quotations should be in writing unless the Chief Executive or his nominated officer determines that it is impractical to do so in which case quotations may be obtained by

telephone. Confirmation of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record.

- c) All quotations should be treated as confidential and should be retained for inspection.
- d) The Chief Executive or his nominated officer should evaluate the quotation and select the quote which gives the best value for money. If this is not the lowest quotation if payment is to be made by the Trust, or the highest if payment is to be received by the Trust, then the choice made and the reasons why should be recorded in a permanent record.

9.8.3 Non-competitive quotations in writing may be obtained in the following circumstances:

- a) the supply of proprietary or other goods of a special character and the rendering of services of a special character, for which it is not, in the opinion of the responsible officer, possible or desirable to obtain competitive quotations;
- b) the supply of goods or manufactured articles of any kind which are required quickly and are not obtainable under existing contracts;
- c) miscellaneous services, supplies and disposals;
- d) where the goods or services are for building and engineering maintenance the responsible works manager must certify that the first two conditions of this SFI (i.e.: (i) and (ii) of this SFI) apply.

9.8.4 No quotation shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with Standing Financial Instructions except with the authorisation of either the Chief Executive or Director of Finance, Performance and Estates.

9.9 Authorisation of Tenders and Competitive Quotations

9.9.1 Providing all the conditions and circumstances set out in these Standing Financial Instructions have been fully complied with, formal authorisation and awarding of a contract may be decided by the following staff:

- a) Designated budget holders
- b) Directors
- c) Chief Executive
- d) Chairman
- e) Trust Board

9.9.2 The levels of contract value authorisation for these staff are detailed in the Trust's Scheme of Delegation.

9.9.3 Formal authorisation must be put in writing. In the case of authorisation by the Trust Board this shall be recorded in their minutes.

9.10 Instances where formal competitive tendering or competitive quotation is not required

9.10.1 Where competitive tendering or a competitive quotation is not required the Trust should adopt one of the following alternatives:

- a) the Trust shall use the NHS Business Services Authority - Supply Chain for procurement of all goods and services unless the Chief Executive or nominated officers deem it inappropriate. The decision to use alternative sources must be documented.
- b) if the Trust does not use the NHS Business Services Authority – Supply Chain - where tenders or quotations are not required, because expenditure is below £5,000 the Trust shall procure goods and services in accordance with procurement procedures approved by the Director of Finance, Performance and Estates.

9.11 Private Finance for capital procurement (see overlap with SFI No. 16)

9.11.1 The Trust should normally market-test for PFI (Private Finance Initiative funding) when considering a capital procurement. When the Board proposes, or is required, to use finance provided by the private sector the following should apply:

- a) The Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.
- b) Where the sum exceeds delegated limits, a business case must be referred to the Department of Health for approval or treated as per current guidelines.
- c) The proposal must be specifically agreed in accordance with the delegated authorisation limits specified in the Scheme of Delegation
- d) The selection of a contractor / finance company must be on the basis of competitive tendering or quotations.

9.12 Compliance requirements for all contracts

9.12.1 The Board may only enter into contracts on behalf of the Trust within the statutory powers delegated to it by the Secretary of State and shall comply with:

- a) The Trust's Standing Orders and Standing Financial Instructions;
- b) EU Directives and other statutory provisions;
- c) any relevant directions including the Capital Regime Guidance, Estate code and guidance on the Consultancy spending criteria as issued by NHSEI;
- d) such of the NHS Standard Contract Conditions as are applicable.
- e) contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance.
- f) Where appropriate contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited.
- g) In all contracts made by the Trust, the Board shall endeavour to obtain best value for money by use of all systems in place. The Chief Executive shall nominate an officer who

shall oversee and manage each contract on behalf of the Trust.

9.13 Contract award criteria

9.13.1 Contract award must meet the following criteria;

- a) Be acknowledged via a Contract Award overseen by the Finance and Resource Committee. (the NHS Standard Contract is exempt from this)
- b) Extensions to a contract award following competitive tender must not exceed 50% of the award value and must not exceed the financial envelope of the project.

9.14 Personnel and Agency or Temporary Staff Contracts

9.14.1 The Chief Executive shall nominate officers with delegated authority to enter into contracts of employment, regarding staff, agency staff on temporary staff contracts.

9.14.2 The employment of all clinical agency staffing is subject to approval by the Director of Operations.

9.14.3 The Trust must assure itself that it is compliant with IR35 rules when employing agency or staffing on temporary contracts. Guidance must be sought from the finance department in the appropriate use of the HMRC online IR35 tool.

9.15 Healthcare Services Agreements (see overlap with SFI No. 10)

9.15.1 Service agreements with NHS providers for the supply of healthcare services shall be drawn up in accordance with the NHS and Community Care Act 1990 and administered by the Trust. Service agreements are not contracts in law and therefore not enforceable by the courts. However, a contract with a Foundation Trust, being a PBC, is a legal document and is enforceable in law.

9.15.2 The Chief Executive shall nominate officers to commission service agreements with providers of healthcare in line with a commissioning plan approved by the Board.

9.16 Disposals (See overlap with SFI No. 18)

9.16.1 Competitive Tendering or Quotation procedures shall not apply to 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 his nominated officer;
- b) obsolete or condemned articles and stores, which may be disposed of in accordance with the Items Surplus to Requirements policy of the Trust;
- c) items to be disposed of with an estimated sale value of less than the amount currently applying within the Trust's Scheme of Delegation, this figure to be reviewed on a periodic basis;

- d) items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;
- e) land or buildings concerning which DH guidance has been issued but subject to compliance with such guidance.

9.17 In-house Services

9.17.1 The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis. The Trust may also determine from time to time that in-house services should be market tested by competitive tendering.

9.17.2 In all cases where the Board determines that in-house services should be subject to competitive tendering the following groups shall be set up:

- a) Specification group, comprising the Chief Executive or nominated officer/s and specialist.
- b) In-house tender group, comprising a nominee of the Chief Executive and technical support.
- c) Evaluation team, comprising normally a specialist officer, a supplies and procurement officer and a Director of Finance representative.

9.17.3 All groups should work independently of each other and individual officers may be a member of more than one group but no member of the in-house tender group may participate in the evaluation of tenders.

9.17.4 The evaluation team shall make recommendations to the Board.

9.17.5 The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the Trust.

9.18 Applicability of SFIs on Tendering and Contracting to funds held in trust (see overlap with SFI No. 21)

9.18.1 These instructions shall not only apply to expenditure from Exchequer funds but also to works, services and goods purchased from the Trust's trust funds and private resources.

9.19 Use of local and smaller suppliers

9.19.1 The Trust will strive to ensure that local and smaller suppliers are not discriminated against in the procurement process and specifications.

9.20 Delegated Orders

9.20.1 The Estates Department have delegated authority in regard to the raising of purchase orders in relation to MTC related purchase orders and emergency orders only. (These can be emergency orders required at any time, but should not be confused with urgent orders). All emergency orders must subsequently be confirmed by an official purchase order and clearly marked "Confirmation Order".

9.21 Maintenance of Register of Contracts

9.21.1 The procurement service provider will maintain a register of contracts held between the Trust and Suppliers and is subject to the following requirements;

- a) All contracts for expenditure, including SLAs and Clinical Services Contracts, are included in the register
- b) All additions, removals and amendments to the register are reviewed by a member of the Trust's Finance Team
- c) The register is subject to quarterly review by a member of the Trust's Finance Team

10 NHS SERVICE AGREEMENTS FOR PROVISION OF SERVICES (see overlap with SFI No. 9)

10.1 Service Level Agreements (SLAs)

10.1.1 The Chief Executive, as the Accountable Officer, is responsible for ensuring the Trust enters into suitable Service Level Agreements (SLA) with service commissioners for the provision of NHS services. All SLAs should aim to implement the agreed priorities contained within the Trust Operational Plan and wherever possible, be based upon integrated care pathways to reflect expected patient experience. In discharging this responsibility, the Chief Executive should take into account:

- a) the standards of service quality expected;
- b) the relevant national service framework (if any);
- c) the provision of reliable information on cost and volume of services;
- d) the NHS National Performance Assessment Framework;
- e) that SLAs build where appropriate on existing Joint Investment Plans;
- f) that SLAs are based on integrated care pathways.

10.2 Involving Partners and jointly managing risk

10.2.1 A good SLA will result from a dialogue of clinicians, users, carers, public health professionals and managers. It will reflect knowledge of local needs and inequalities. This will require the Chief Executive to ensure that the Trust works with all partner agencies involved in both the delivery and the commissioning of the service required. The SLA will apportion responsibility for handling a particular risk to the party or parties in the best position to influence the event and financial arrangements should reflect this. In this way the Trust can jointly manage risk with all interested parties.

10.3 Reports to Board on SLAs

10.3.1 The Chief Executive, as the Accountable Officer, will need to ensure that regular reports are provided to the Board detailing actual and forecast income from the SLA. This will include information on costing arrangements, which where possible should be based upon local

currencies which may include service specification and Team structures grouped into local tariff codes for application across the range of SLAs.

11 TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF THE TRUST BOARD AND EXECUTIVE COMMITTEE AND EMPLOYEES

11.1 Remuneration and Terms of Service Committee

11.1.1 In accordance with Standing Orders the Board shall establish a Remuneration and Terms of Service Committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition and the arrangements for reporting. The Committee will:

- a) advise the Board about appropriate remuneration and terms of service for the Chief Executive, other executive directors and other senior employees, including:
 - all aspects of salary (including any performance - related elements/bonuses);
 - provisions for other benefits, including pensions and cars;
 - arrangements for termination of employment and other contractual terms;
- b) make such recommendations to the Board on the remuneration and terms of service of executive directors (and other senior employees) to ensure they are fairly rewarded for their individual contribution to the Trust - having proper regard to the Trust's circumstances and performance and to the provisions of any national arrangements for such staff where appropriate;
- c) monitor and evaluate the performance of individual executive directors (and other senior employees); and
- d) advise and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.

11.1.2 The Committee shall report in writing to the Closed Trust 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 executive directors. Minutes of the Board's meetings should record such decisions.

11.1.3 The Board will approve proposals presented by the Chief Executive for setting remuneration and conditions of service for those employees not covered by the Committee.

11.1.4 The Trust will remunerate the Chairman and Non-Executive Directors in accordance with instructions issued by the Security of State.

11.2 Funded establishment

11.2.1 The manpower plans incorporated within the annual budget will form the funded establishment. The funded establishment of any department may not be exceeded without the approval of the Chief Executive Officer or the Executive Director of Finance, Performance and Estates acting on behalf of the CEO.

11.3 Staff appointments

11.3.1 No director or employee may engage, reengage, or regrade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration:

- a) unless authorised to do so by the Chief Executive and Director of People, OD & Inclusion;
- b) and is within the limit of their approved budget and funded establishment in line with the Trusts Establishment Control Procedure;
- c) and is in accordance with any local or Trust-wide controls placed on recruitment to vacant positions, such as establishment control panels.

11.3.2 The Board will approve procedures presented by the Chief Executive for the determination of commencing pay rates, condition of service, etc, for employees.

11.3.3 A manager may only action such a change against those cost centres / budgets for which he/she has formal responsibility.

11.3.4 Advertisements for all posts must be placed via the Human Resources Directorate

11.4 Processing of payroll

11.4.1 The Executive Director of Finance, Performance and Estates is responsible for:

- a) specifying timetables for submission of properly authorised time records and other notifications;
- b) the final determination of pay;
- c) making payment on agreed dates; and
- d) agreeing method of payment

11.4.2 The Executive Director of Finance, Performance and Estates will issue instructions regarding:

- a) verification of documentation of data;
- b) the timetable for receipt and preparation of payroll data and the payment of employees;
- c) maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;

- d) security and confidentiality of payroll information;
- e) checks to be applied to completed payroll before and after payment;
- f) authority to release payroll data under the provisions of the Data Protection Act;
- g) methods of payment available to various categories of employee and officers. This will be by bank credit direct to a bank or other financial institution nominated by the employee
- h) procedures for payment by cheque or bank credit, to employees and officers
- i) procedures for the recall of cheques and bank credits;
- j) pay advances and their recovery;
- k) maintenance of regular and independent reconciliation of pay control accounts;
- l) separation of duties of preparing records and handling cash; and
- m) a system to ensure the recovery from leavers of sums of money and property due by them to the Trust.

11.4.3 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 instructions of the Executive Director of Finance, Performance and Estates and in the form prescribed by the Executive Director of Finance, Performance and Estates; and
- c) submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's resignation, termination or retirement. Where an employee fails to report for duty in circumstances that suggest they have left without notice, the Director of People, OD and Inclusion must be informed immediately.

11.4.4 Regardless of the arrangements for providing the payroll service, the Executive Director of Finance, Performance and Estates shall ensure that the chosen method is supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures and that suitable arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies.

11.5 Off payroll arrangement

11.5.1 Intermediaries legislation (IR35) rules apply from the 6th April 2017 to off payroll working in the Public Sector. This is to ensure that individuals who work through their own personal service companies (PSC) pay PAYE and NI in the same way as employees.

11.5.2 The responsibility for whether the 'off payroll' rules apply sits with the Trust who is also

responsible for deducting PAYE and NI from any payments made for which the rules apply.

11.5.3 This does not apply where employees are;

- a) employed via an agency who apply PAYE and NI rules
- b) Fully contracted out services
- c) Managed Service Companies
- d) Foreign entertainers who are within the statutory tax holding scheme
- e) Workers who only provide services to private sector organisations

11.5.4 If the Trust intends to engage an employee under a PSC arrangement, approval is required from NHSI and is required to demonstrate that the arrangement is compliant with the IR35 rules. In order to assess whether the rules apply, the Trust should use the HMRC employment tool with support and guidance from the finance department. It is the Trust's preference that arrangements are not put in place through the use of umbrella companies.

11.5.5 Where the Trust engages employees via an agency, the Trust is required to write to the organisation to ensure that they are deducting PAYE and NI for the employees and are therefore responsible for compliance with the rules.

11.5.6 Where there is any uncertainty regarding the Trust's compliance with the rules, the tools made available by the HMRC should be used.

11.5.7 Failure by the Trust to meet the obligations of IR35 may result in penalties.

11.6 Contracts of employment

11.6.1 The Board shall delegate responsibility to the Director of People, OD & Inclusion for:

- a) ensuring that all employees are issued with a Contract of Employment which complies with employment legislation;
- b) Ensuring controls are in place for actioning variations to, or termination of, contracts of employment. The transacting of this responsibility has been delegated to the line manager
- c) Any pay rates outside national terms and conditions will need prior agreement by the Executive Director of Finance, Performance and Estates and the Director of People, OD & Inclusion; this will include changes to bank rates as well as substantive posts.
- d) The Director of People, OD & Inclusion will maintain a schedule of all pay rates outside the national terms and conditions and will notify payroll of any changes.

12 NON-PAY EXPENDITURE

12.1 Delegation of authority

12.1.1 The Board will approve the level of non-pay expenditure on an annual basis and the Chief Executive will determine the level of delegation to budgetmanagers.

12.1.2 The Chief Executive will set out in the scheme of delegation:

- a) The list of employee's 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.

12.1.3 The Chief Executive shall set out procedures on the seeking of professional advice regarding the supply of goods and services. This advice shall usually be provided by the Trusts procurement team.

12.2 Choice, requisitioning, ordering, receipt and payment for goods and services (See overlap with SFI No. 9)

12.2.1 Requisitioning - The requisitioner, in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the Trust. In so doing, the advice of the Trust's adviser on supply / procurement shall be sought. Where this advice is not acceptable to the requisitioner, the Executive Director of Finance, Performance and Estates (and/or the Chief Executive) shall be consulted.

12.2.2 The Supplies and Procurement Department, with input from the Finance Department, will be responsible for maintaining the list detailing the areas of expenditure that do not require a Purchase Order. This list will be known as the 'Agreed Non Purchase Order List' and will list specific suppliers. Any suppliers contained within the Agreed Non Purchase List will not require a purchase order and will therefore be exempt from the Trusts requisition approval process.

12.2.3 Under no circumstances should a requisition be split in such a way to circumvent particular spending limits attached as per the Scheme of Delegation.

12.2.4 System of Payment and Payment Verification - The Executive Director of Finance, Performance and Estates shall be responsible for the prompt payment of accounts and claims. Payment of contract invoices shall be in accordance with contract terms, or otherwise, in accordance with national guidance. The Executive Director of Finance, Performance and Estates 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 standing orders and SFIs and regularly reviewed;
- b) prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds;
- c) be responsible for the prompt payment, of all properly authorised accounts and claims;
- d) approve all credit card applications
- e) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
 - A list of directors/employees (including specimens of their signatures where appropriate) authorised to certify invoices.

- 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.
 - ✓ A timetable and system for submission to the Executive Director of Finance, Performance and Estates of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment.
 - ✓ Instructions to employees regarding the handling and payment of accounts within the Finance Department and its Shared Service.
 - ✓ be responsible for ensuring that payment of goods and services is only made once the goods and services are received, (except as set out in SFI No. 12.2.4 below)

12.2.5 Prepayments for goods and services where the Trust is paying in advance of receipt of the goods or services, excluding payments for training courses, subscriptions and membership fees up to the value of £5,000 (inclusive of VAT) are only permitted where exceptional circumstances apply. In such instances:

- a) Prepayments are only permitted where the financial advantages outweigh the disadvantages (and with the explicit approval of the Executive Director of Finance, Performance and Estates)
- b) the appropriate officer 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 the Trust if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments;
- c) the Executive Director of Finance, Performance and Estates will need to be satisfied with the proposed arrangements before contractual arrangements proceed; (taking into account the public procurement rules where the contract is above a stipulated financial threshold) and
- d) the budget holder is responsible for ensuring that all items due under a prepayment

contract are received and he/she must immediately inform the appropriate Director or Chief Executive if problems are encountered.

12.2.6 Official Orders must:

- a) be consecutively numbered;
- b) be in a form approved by the Executive Director of Finance, Performance and Estates;
- c) state the Trust's terms and conditions of trade; and
- d) only be issued to and used by those duly authorised by the Chief Executive.

12.2.7 Managers and officers must ensure that they comply fully with the guidance and limits specified by the Executive Director of Finance, Performance and Estates 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 Executive Director of Finance, Performance and Estates in advance of any commitment being made;
- b) contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement;
- c) where consultancy advice is being obtained, the procurement of such skills must be in accordance with relevant guidance issued by the Department of Health and Social Care;
- d) no order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to Directors or employees, other than:
 - isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;
 - conventional hospitality, such as lunches in the course of working visits.

(This provision needs to be read in conjunction with the Trust's Standing Order and supporting policies relating to gifts and hospitality together with the principles outlined in the national guidance contained in HSG 93(5) 'Standards of Business Conduct for NHS Staff' together with the Trust's Standards of Business Conduct and Anti Bribery Policies). No requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Executive Director of Finance, Performance and Estates on behalf of the Chief Executive;

- e) all goods, services, or works are ordered on an official purchase order except for purchases from petty cash and goods/services listed as non po spend as detailed in the official orders policy
- f) Sponsorship agreements, including those by pharmaceutical companies, must be compliant with the Trust Standards of Business Conduct
- g) Verbal orders must only be issued very exceptionally - by an officer designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "Confirmation Order". Even in these

emergency/urgent cases the Trust will need to demonstrate value for money and protection of the public purse.

- h) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- i) goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;
- j) changes to the list of officers / employees authorised to certify invoices are notified to the Executive Director of Finance, Performance and Estates;
- k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Executive Director of Finance, Performance and Estates; and
- l) Petty cash records are maintained in a form as determined by the Executive Director of Finance, Performance and Estates.

12.2.8 The Executive Director of Finance, Performance and Estates shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within EU regulations, PFI and P22 (including NEC contracts) and Health Building Note 00-08. The technical audit of these contracts shall be the responsibility of the relevant Director.

12.3 Joint Finance Arrangements with Local Authorities and Voluntary Bodies

12.3.1 Payments to local authorities and voluntary organisations made under the powers of section 28A of the NHS Act shall comply with procedures laid down by the Executive Director of Finance, Performance and Estates which shall be in accordance with these Acts.

12.3.2 Where NHS Trusts are proposing to enter into partnership arrangements e.g. joint ventures, joint arrangements or special vehicles. NHSI/E will reserve the right to review these on a case by case basis and these schemes may require NHSI/E approval to proceed.

12.4 Leases

12.4.1 The Executive Director of Finance, Performance and Estates must ensure that any lease entered into on behalf of the Trust represents value for money.

12.4.2 A commercial lease is a legally binding contract made a landlord and a business tenant. The lease gives a tenant the right to use certain property for a business or commercial activity for a period of time (minimum 6 months) in exchange for consideration (i.e. money) paid to the landlord. A commercial lease offers exclusive possession of a defined area (demise), with the main legislation being the Landlord and Tenant Act 1954.

12.4.3 A licence to occupy is a legal agreement between the licensor (the party who owns the property/land) and the licensee (the party seeking to occupy the property/land), giving the licensee the right to occupy a designated area of the property for a defined length

of time (i.e. there is no minimum of maximum period but is usual for licences to be for 1 day to 6 months or more). Licences do not offer exclusive possession but rather the designated area can be relocated.

- 12.4.4 Contracts for goods and services can also contain leases. These contracts, mainly for equipment or vehicles, will contain a lease if the Trust has the right to obtain substantially all of the economic benefits from use of a an asset, for example by having exclusive use of the asset over the period of the lease, and the Trust has the right to direct the use of the identified asset. In effect, the Trust decides how the asset will be used and for what purpose.
- 12.4.5 All leases and contracts for goods and equipment must be forwarded to the Supplies and Procurement Department to validate the legal content of the lease/contract and for inclusion on the goods and equipment Lease Contracts Register.
- 12.4.6 All leases and contracts for premises must be forwarded to the Estates Directorate to validate the legal content of the lease/contract and for inclusion on the premises Lease Contracts Register.
- 12.4.7 Further guidance must be obtained from the Finance Department regarding the accounting treatment of leases.

13 EXTERNAL BORROWING

- 13.1 The Executive Director of Finance, Performance and Estates will advise the Trust Board concerning the Trust's ability to pay dividend on, and repay, Public Dividend Capital and any proposed new borrowing, within the limits set by the Department of Health. The Executive Director of Finance is also responsible for reporting periodically to the Board concerning the PDC debt and all loans and overdrafts.
- 13.2 The Board will agree the list of employees (including specimens of their signatures) who are authorised to make short term borrowings on behalf of the Trust. This must contain the Chief Executive and the Director of Finance, Performance and Estates.
- 13.3 The Director of Finance, Performance and Estates must prepare detailed procedural instructions concerning applications for loans and overdrafts.
- 13.4 All short-term borrowings should be kept to the minimum period of time possible, consistent with the overall cash flow position, represent good value for money, and comply with the latest guidance from the Department of Health.
- 13.5 Any short-term borrowing must be with the authority of two members of an authorised panel, one of which must be the Chief Executive or the Director of Finance, Performance and Estates. The Board must be made aware of all short term borrowings at the next Board meeting.
- 13.6 All long-term borrowing must be consistent with the plans outlined in the current Operational Plan and be approved by the Trust Board.

14 INVESTMENTS

- 14.1 Temporary cash surpluses must be used only in such public or private sector investments

as notified by the Secretary of State and authorised by the Board of Directors.

14.2 The Executive Director of Finance, Performance and Estates is responsible for advising the Board on investments and shall report periodically to the Board concerning the performance of investments held.

14.3 The Executive Director of Finance, Performance and Estates will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

15 FINANCIAL FRAMEWORK

15.1 The Executive Director of Finance, Performance and Estates should ensure that members of the Board are aware of the Financial Framework. This document contains directions which the Trust must follow. The Executive Director of Finance, Performance and Estates should also ensure that the direction and guidance in the framework is followed by the Trust.

16 CAPITAL INVESTMENT, PRIVATE FINANCING, FIXED ASSET REGISTERS AND SECURITY OF ASSETS

16.1 Capital investment

16.1.1 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 business 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 the capital investment is not undertaken without confirmation of purchaser(s) support and the availability of resources to finance all revenue consequences, including capital charges.
- d) That a Capital Investment Programme, produced on an annual basis, is submitted to and approved by the Trust Board prior to the start of the financial year. For every capital expenditure proposal the Chief Executive shall ensure:
- e) that a business case is produced setting out:
 - an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs; and the involvement of appropriate Trust personnel and external agencies
 - appropriate project management and control arrangements; and
 - That the Executive Director of Finance, Performance and Estates has certified professionally to the costs and revenue consequences detailed in the business case.

- 16.1.2 All proposals to lease, hire or rent tangible and intangible assets have been subject to appraisal of their impact on the Trust's ability to achieve its financial targets and, where appropriate, subject to legal advice from the Trust's legal advisor on the terms of the proposed contract.
- 16.1.3 The Executive Director of Finance, Performance and Estates shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.
- 16.1.4 The approval of a capital programme shall not constitute approval for expenditure on any scheme.
- 16.1.5 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.
- 16.1.6 The Chief Executive will issue a scheme of delegation for capital investment management in accordance with "ESTATECODE" guidance and the Trust's Standing Orders.
- 16.1.7 The Executive Director of Finance, Performance and Estates shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes.

16.2 Delegation and reporting

- 16.2.1 The general rules applying to delegation and reporting shall also apply to capital expenditure
- 16.2.2 Expenditure on tangible and intangible assets for the Trust must follow the correct delegation and reporting lines specifically designed for approval of capital expenditure detailed in the Scheme of Delegation. Accounting for tangible and intangible assets must comply with the DHSC Group Accounting Manual.
- 16.2.3 A separate capital budget must be prepared for each capital scheme.
- 16.2.4 Each capital allocation is made on an expenditure basis for a specific financial year. Any proposed/anticipated slippage or variation in cost on a capital scheme must be reported to the Executive Director of Finance, Performance and Estates at the earliest opportunity.
- 16.2.5 Any proposed advancement of all, or part of, a capital scheme must receive the authorisation of the Executive Director of Finance, Performance and Estates prior to its execution. Executive Director of Finance, Performance and Estates may, in consultation with the responsible Director, approve variations to schemes included within the capital programme as approved by the Trust Board.
- 16.2.6 Progress on each capital scheme should be reviewed at least monthly and a projection to the year end updated. Any significant changes must be notified to the Trust Board at the earliest opportunity.

- 16.2.7 The Executive Director of Finance, Performance and Estates will specify the process and timetable to be followed by the Trust for compiling the annual and future capital plans for the Trust.
- 16.2.8 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of "Estatecode".
- 16.2.9 The Executive Director of Finance, Performance and Estates shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with HMRC guidance.
- 16.2.10 The Executive Director of Finance, Performance and Estates shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.
- 16.2.11 The Associate Director of Estates and Capital is responsible for the selection of architects, quantity surveyors, consultant engineers, IT engineers, other professional advisors and service providers within procurement and EU regulations.

16.3 Capital charges

- 16.3.1 Prior to the commencement of a financial year, at a time determined by the Chief Financial Officer, an estimate of capital values and capital charges incurred by the Trust for the ensuing year will be calculated. This will be based on the current asset register and will take account of known future purchases, sales, revaluations and any other anticipated transactions.
- 16.3.2 During the financial year the capital charges will be calculated on a regular basis. Projections for the remainder of the financial year will be updated taking into account any revised expectation of the timing and value of transactions on the asset register.

16.4 Capital definition and criteria

- 16.4.1 Capital expenditure is defined as expenditure on a tangible or intangible productive resource with an expected life in excess of one year.
- 16.4.2 The capitalisation limit is expenditure of £5,000 (inclusive of VAT) or more on:
- (a) A discrete asset
 - (b) A collection of assets which individually may be valued at less than £5,000 but which together form a single collective asset because the items fulfil all of the following criteria:
 - The items are functionally interdependent
 - The items are acquired at about the same date and are planned for disposal at about the same date
 - The items are under single managerial control
 - The items have an individual value of £250 or more

- (c) At the Trust discretion, a collection of assets which individually may be valued at less than £5,000 but which form part of the initial equipping and setting up of a cost of a new building

16.4.3 Capital budgets must not be used to cover purchases that do not conform to the current capital definition as specified by the Department of Health and Social Care.

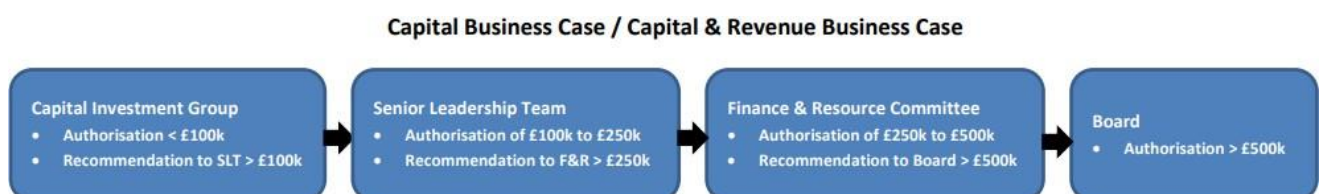
16.4.4 Major expenditure on maintaining the condition of an asset will normally be treated as a revenue item except that any proportion relating to an enhancement to the asset will be treated as capital.

16.4.5 For land and building payments the amount capitalised can include lump sum payments for related rights (including capitalised rents) and payments made under the Land Compensation Act 1973.

16.5 Capital business cases

16.5.1 A supporting case, relevant to the level of investment, is required for all new capital investment, investment capital, if it is not relating to the replacement of an existing asset

16.5.2 The annual budget will detail the Capital schemes for the coming year. A summary of the internal capital approval limits for schemes included in the annual plan is as below:



16.5.3 The Trust Board will approve the capital programme as part of the annual plan. The Trust's Capital Investment Group (CIG) has delegated authority from the Trust Board to approve capital investment cases up to £100,000 (including VAT) as identified.

16.5.4 Capital business cases have to go through all the relevant approval groups dependent on values, so for example, a case of over £500,000 will require approval from CIG, who will then recommend to Senior Leadership Team, who will recommend to Finance and Resource Committee who will recommend to Trust Board for approval.

16.5.5 For capital schemes relating to I.T, leased equipment, leased property, managed equipment and managed service schemes, the delegated limits apply to whole life costs, not just the capital cost. Schemes with whole life costs in excess of NHS Trust delegated limits (£15m) will require NHSI/E approval. For leased property; the limits apply to the whole-life cost of the transaction, rather than just capital cost.

16.5.6 Total capital cost to the private sector (i.e. Private Finance Initiatives (PFI)) includes the cost of construction, equipment, professional fees, rolled-up interest and financing costs such as bank arrangements fees, bank due diligence fees, banks lawyers' fees, and third party equity costs plus irrecoverable VAT. Any capital cost that will be incurred directly by the NHS in

progressing the schemes must also be included. Typical examples include land purchased from outside the NHS, equipment and enabling works.

- 16.5.7 Where NHS Trusts are requesting transfers of assets and/or services between organisations NHS Trusts are asked to contact the relevant NHSI/E Director of Delivery and Development and/or Business Support teams who will advise on how to take these forward. Asset transfers with a value in excess of NHS Trust delegated limits will require a business case and NHSI/E approval.

16.6 Private Finance (see overlap with SFI No. 9)

- 16.6.1 When the Trust proposes to use finance which is to be provided other than through its EFL, the following procedures shall apply:

- a) The Executive Director of Finance, Performance and Estates shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
- b) Where the sum involved exceeds delegated limits, the business case must be referred to Department of Health or in line with current guidelines.
- c) The proposal must be specifically agreed by the Board.

16.7 Asset registers

- 16.7.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Executive Director of Finance, Performance and Estates 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 once a year.
- 16.7.2 The Trust shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be as specified in the DoH Accounting Manual as issued by the Department of Health.
- 16.7.3 Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:
- 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 from own materials and labour including appropriate overheads; and
 - c) lease agreements in respect of assets held under a finance lease and capitalised.
- 16.7.4 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).
- 16.7.5 The Executive Director of Finance, Performance and Estates shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.

16.7.6 The carrying value of each asset shall be assessed and impaired or revalued to current values in accordance with the Trust's Accounting Policies and relevant accounting standards.

16.7.7 The value of each asset shall be depreciated using methods and rates as specified in the Trust's Accounting Policies and relevant accounting standards.

16.8 Security of assets

16.8.1 The overall control of assets is the responsibility of the Chief Executive.

16.8.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Executive Director of Finance, Performance and Estates. 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) periodic 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.

16.8.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Executive Director of Finance, Performance and Estates.

16.8.4 Whilst each employee has a responsibility for the security of property of the Trust, it is the responsibility of directors and senior employees 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 instructions.

16.8.5 Any damage to the Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by directors and employees in accordance with the procedure for reporting losses.

16.8.6 Where practical assets should be marked as Trust property.

16.8.7 All budget and department managers are responsible for confirming the accuracy of the asset register of all assets of the Trust within their area of responsibility.

17 STORES AND RECEIPT OF GOODS

17.1 General Position

17.1.1 Stores, defined in terms of controlled stores and departmental stores (for immediate use)

should be:

- a) kept to a minimum;
- b) subjected to annual stocktake;
- c) valued at the lower of cost and net realisable value.

17.2 Control of Stores, Stocktaking, condemnations and disposal

- 17.2.1 Subject to the responsibility of the Executive Director of Finance, Performance and Estates for the systems of control, overall responsibility for the control of stores shall be delegated to an employee by the Chief Executive. The day-to-day responsibility may be delegated by the Chief Executive to departmental employees and stores managers / keepers, subject to such delegation being entered in a record available to the Executive Director of Finance, Performance and Estates. The control of Pharmaceutical stocks shall be the responsibility of a designated Pharmaceutical Officer; the control of fuel oil and coal of a designated Estates Manager.
- 17.2.2 The responsibility for security arrangements and the custody of keys for all stores and locations shall be clearly defined in writing by the designated manager/ Pharmaceutical Officer. Wherever practicable, stocks should be marked as health service property.
- 17.2.3 The Executive Director of Finance, Performance and Estates shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.
- 17.2.4 Stocktaking arrangements shall be agreed with Executive Director of Finance, Performance and Estates and there shall be a physical check covering all items in store at least once a year.
- 17.2.5 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Executive Director of Finance, Performance and Estates.
- 17.2.6 The designated Manager / Pharmaceutical Officer shall be responsible for a system approved by the Executive Director of Finance, Performance and Estates for a review of slow moving and obsolete items and for condemnation, disposal and replacement of all unserviceable articles. The designation officer shall report to the Executive Director of Finance, Performance and Estates any evidence of significant overstocking and of any negligence or malpractice (see also Section 16, 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.

17.3 Goods supplies by NHS Supply Chain

- 17.3.1 For goods supplied via the NHS Supply Chain 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 Executive Director of Finance, Performance and Estates who shall satisfy himself that the goods have been received before accepting the recharge.

17.4 Consignment stock

- 17.4.1 Consignment stocks are those items that remain the property of the supplier until used, but

remain on the Trust's site for practical reasons.

17.4.2 Any consignment stock held must have been approved in accordance with the delegation of authority and must be kept to an agreed minimum level. Consignment stock must not be included in the Trust's stock value but separate records must be kept

17.4.3 It is the responsibility of the authorised senior manager / Associate Director to ensure that SFI 17.4 is followed.

17.4.4 Any documentation that sets out the terms and conditions of the consignment stock arrangements must be approved by the Trust's Supplies and Procurement Department.

18 DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

18.1 Disposals and condemnations

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

18.1.2 When it is decided to dispose of a Trust asset, the Head of Department or authorised deputy will determine and advise the Director of Finance, Performance and Estates of the estimated market value of the item, taking account of professional advice where appropriate.

18.1.3 All unserviceable articles shall be:

- a) condemned or otherwise disposed of by an employee authorised for that purpose by the Executive Director of Finance, Performance and Estates;
- b) recorded by the Condemning Officer in a form approved by the Executive Director of Finance, Performance and Estates 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 employee authorised for the purpose by the Executive Director of Finance, Performance and Estates.

18.1.4 The Condemning Officer shall satisfy himself as to whether or not there is evidence of negligence in use and shall report any such evidence to the Executive Director - Finance, Performance and Estates who will take the appropriate action.

18.2 Losses and special payments

18.2.1 The Executive Director of Finance, Performance and Estates must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments.

18.2.2 Any employee or 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 the Executive Director of Finance, Performance and Estates, or, inform the officer charged with the responsibility for responding to concerns involving loss. The officer will then inform the Executive Director of Finance, Performance and Estates and / or Chief Executive as appropriate. Where a criminal offence is suspected, which involves theft or arson, the Executive Director of Finance, Performance and Estates must immediately inform the Police.

In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the Executive Director of Finance, Performance and Estates must inform the relevant LCFS and NHS Protect regional team in accordance with Secretary of State for Health's Directions.

- 18.2.3 The Director of Finance, Performance and Estates must notify the Local Counter Fraud Officer and the External Auditor of all frauds.
- 18.2.4 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Executive Director of Finance, Performance and Estates must immediately notify:
 - a) the Board of Directors, and
 - b) the External Auditor.
- 18.2.5 Within limits delegated to it by the Department of Health, the Board of the Trust shall approve the writing-off of losses.
- 18.2.6 The Executive Director of Finance, Performance and Estates shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.
- 18.2.7 For any loss, the Executive Director of Finance, Performance and Estates should consider whether any insurance claim can be made.
- 18.2.8 The Executive Director of Finance, Performance and Estates shall maintain a Losses and Special Payments Register in which write off action is recorded.
- 18.2.9 No special payments exceeding delegated limits shall be made without the prior approval of the Department of Health and Social Care.
- 18.2.10 All losses and special payments must be reported to the Audit Committee.

19 INFORMATION TECHNOLOGY/DIGITAL

- 19.1 **The Director of Partnerships, Strategy & Digital**, who is responsible for the accuracy and security of the computerised financial data of the Trust, shall:
 - a) Devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Trust's data, programs and computer hardware for which he/she is responsible for accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998;
 - 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 he/she may consider necessary are being carried out.

19.2 The Executive Director of Finance, Performance and Estates shall satisfy himself/herself 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 will be obtained from this prior to implementation.

19.3 The Associate Director of Governance shall publish and maintain a Freedom of Information (Fol) 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 our Trust that we make publicly available.

19.4 Responsibilities and duties of other Directors and Officers in relation to computer systems of a general application:

- a) The Director of Partnerships, Strategy & Digital manages the Information Technology (IT) function
- b) In the case of computer systems which are proposed General Applications (i.e. normally those applications which the majority of Trusts in the Region wish to sponsor jointly) all responsible directors and employees will send to the Director of Partnerships, Strategy & Digital:
 - details of the outline design of the system;
 - in the case of packages acquired either from a commercial organisation, from the NHS, or from another public sector organisation, the operational requirement.

19.5 Contracts for Computer Services with other health bodies or outside agencies

19.6 The Director of Partnerships, Strategy & Digital 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 date during processing, transmission and storage. The contract should also ensure rights of access for audit purposes.

19.7 Where another health organisation or any other agency provides a computer service for financial applications, the Executive Director of Finance, Performance and Estates shall periodically seek assurances that adequate controls are in operation.

19.2 Risk Assessment

19.2.1 The Director of Partnerships, Strategy & Digital shall ensure that risks to the Trust arising from the use of IT are effectively identified and considered and appropriate action taken to mitigate or control risk. This shall include the preparation and testing of appropriate disaster recovery plans.

19.3 Requirements for Computer Systems which have an impact on corporate financial systems

19.3.1 Where computer systems have an impact on corporate financial systems the Executive Director of Finance, Performance and Estates shall satisfy himself that:

- a) systems acquisition, development and maintenance are in line with corporate policies such as an Information Technology Strategy;
- b) data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists;
- c) Executive Director of Finance, Performance and Estates staff have access to such data; and
- d) such computer audit reviews as are considered necessary are being carried out.

19.3.2 Any changes to such systems must be notified to and approved by the Executive Director of Finance, Performance and Estates.

20 PATIENTS' PROPERTY

20.1 The Trust has a responsibility to provide safe custody for money and other personal property (hereafter referred to as "property") handed in by patients, in the possession of unconscious or confused patients, or found in the possession of patients dying in hospital or dead on arrival.

20.2 The Chief Executive is responsible for ensuring that patients or their guardians, as appropriate, are informed before or at admission that the Trust will not accept responsibility or liability for patients' property brought into Health Service premises, unless it is handed in for safe custody and a copy of an official patients' property record is obtained as a receipt. Notification will take place by:

- a) notices and information booklets (notices are subject to sensitivity guidance;
- b) hospital admission documentation and property records
- c) the oral advice of administrative and nursing staff responsible for admissions,
- d) Trust website

20.3 The Executive Director of Finance, Performance and Estates must provide detailed written instructions on the collection, custody, investment, recording, safekeeping and disposal of patients' property (including instructions on the disposal of the property of deceased patients and the patients transferred to other premises) for all staff whose duty is to administer, in any way, the property of patients. Due care should be exercised in the management of patient's money in order to maximise the benefits to the patient.

20.4 Property handed over for safe custody shall be placed into the care of the Chief Financial Officer, or his nominee, except where there are no administrative staff present, in which case the property shall be placed into the care of the most senior member of the nursing staff on duty. A member of staff receiving patients' property handed over to him/her by other staff shall sign for its receipt.

20.5 Where Department of Health instructions require the opening of separate accounts for

patients' monies, these shall be opened and operated under arrangements agreed by the Executive Director of Finance, Performance and Estates.

- 20.6 In all cases where property of a deceased patient is of a total value in excess of £5,000 (or such other amount as may be prescribed by any amendment to the Administration of Estates, Small Payments, Act 1965), the production of Probate or Letters of Administration shall be required before any of the property is released. Where the total value of property is £5,000 or less, forms of indemnity shall be obtained.
- 20.7 Staff should be informed, on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.
- 20.8 Where patients' property or income is received for specific purposes and held for safekeeping the property or income shall be used only for that purpose, unless any variation is approved by the donor or patient in writing.

21 FUNDS HELD ON TRUST

21.1 Corporate Trustee

- 21.1.1 Standing Order Section B outlines the Trust's responsibilities as a corporate trustee for the management of funds it holds on trust, that defines the need for compliance with Charities Commission latest guidance and best practice.
- 21.1.2 The discharge of this Body'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.
- 21.1.3 The Executive Director of Finance, Performance and Estates shall ensure that each fund is managed appropriately with regard to its purpose and to its requirements.

21.2 Accountability to Charity Commission and Secretary of State for Health.

- 21.2.1 The trustee responsibilities must be discharged separately and full recognition given to the Trust's dual accountabilities to the Charity Commission for charitable funds held on trust and to the Secretary of State for all funds held on trust.
- 21.2.2 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 Trust Board members and Trust officers must take account of that guidance before taking action.

21.3 Applicability of Standing Financial Instructions to funds held on Trust

- 21.3.1 In so far as it is possible to do so, most of the sections of these Standing Financial Instructions will apply to the management of funds held on trust.
- 21.3.2 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.

- 21.3.3 The Trust Board, through delegation to a Sub-Committee, shall approve and monitor spend against fund balances for the charitable fund.
- 21.3.4 A schedule of the balances of all general and specific funds will be regularly maintained and periodically published to all appropriate responsible officers. Details of any current proposals for deployment of fund balances will be included in the schedule.
- 21.3.5 The Charity's audited annual reports and accounts, and any report of the auditor on them, must be presented to the Trust Board in its capacity as the Corporate Trustee for approval.
- 21.3.6 The Chief Executive will, in respect of each separate specific fund, nominate an appropriate Director, Consultant or Manager to exercise first level authorisation up to the prescribed limit. For expenditure above this level the authorisation of appropriate managers, Executive Directors, Chief Financial Officer or Chief Executive will be required. The limits for authorisation are specified within the Scheme of Delegation.

22 ACCEPTANCE OF GIFTS BY STAFF AND LINK TO STANDARDS OF BUSINESS CONDUCT

- 22.1** The Associate Director of Governance shall ensure that all staff are made aware of the Trust policy on acceptance of gifts and other benefits in kind by staff. This policy follows the guidance contained in the Department of Health circular HSG (93) 5 'Standards of Business Conduct for NHS Staff' and is also deemed to be an integral part of these Standing Orders and Standing Financial Instructions.

23 RETENTION OF RECORDS

- 23.1** The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with Department of Health and Social Care guidelines. The Trust has a duty under the Public Records Act along with the Records Management Code of Practice for Health and Social Care 2016 to ensure the safekeeping and eventual disposal of all types of document.
- 23.2** The records held in archives shall be capable of retrieval by authorised persons.
- 23.3** Records held in accordance with latest Department of Health and Social Care guidance shall only be destroyed at the express instigation of the Chief Executive, records shall be maintained of documents so destroyed.
- 23.4** Where records are required to be stored off-site the Trust will use approved suppliers. Detail available from the Information Governance Team.

24 RISK MANAGEMENT & INSURANCE

24.1 Programme of Risk management

- 24.1.1 The Chief Executive shall ensure that the Trust has a programme of risk management, in accordance with current Department of Health and Social Care framework requirements, which will be approved and monitored by the Board.

24.1.2 The programme of risk management shall include:

- a) a process of identifying and quantifying risks and potential liabilities;
- b) engendering among all levels of staff a positive attitude towards the control of risk;
- c) management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control, cost effective insurance cover, and decisions on the acceptable level of retained risk;
- d) contingency plans to offset the impact of adverse events;
- e) audit arrangements including, internal audit, clinical audit, health and safety review;
- f) a clear indication of which risks shall be insured
- g) arrangements to review the risk management programme.

24.1.3 The existence, integration and evaluation of the above elements will assist in providing a basis to make a statement on the effectiveness of Internal Control within the Annual Report and Accounts as required by current Department of Health guidance.

24.2 Insurance: Risk Pooling Schemes administered by NHSLA

24.2.1 The Board shall decide if the Trust will insure through the risk pooling schemes administered by the NHS Litigation Authority or self-insure for some or all of the risks covered by the risk pooling schemes. If the Board decides not to use the risk pooling schemes for any of the risk areas (clinical, property and employers/third party liability) covered by the scheme this decision shall be reviewed annually.

24.3 Insurance arrangements with commercial insurers

24.3.1 There is a general prohibition on entering into insurance arrangements with commercial insurers. There are, however, three exceptions when Trust's may enter into insurance arrangements with commercial insurers. The exceptions are;

- a) Trust's may enter commercial arrangements for insuring motor vehicles owned by the Trust including insuring third party liability arising from their use;
- b) where the Trust is involved with a consortium in a Private Finance Initiative contract and the other consortium members require that commercial insurance arrangements are entered into; and
- c) where income generation activities take place. Income generation activities should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by the Trust for a NHS purpose the activity may be covered in the risk pool. Confirmation of coverage in the risk pool must be obtained from the Litigation Authority. In any case of doubt concerning a Trust's powers to enter into commercial insurance arrangements the Finance, Performance and Estates Director should consult the Department of Health.

24.4 Arrangements to be followed by the Board in agreeing Insurance cover

- 24.4.1 Where the Board decides to use the risk pooling schemes administered by the NHS Litigation Authority the Executive Director of Finance, Performance and Estates shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Executive Director - Finance, Performance and Estates shall ensure that documented procedures cover these arrangements. Where the Board decides not to use the risk pooling schemes administered by the NHS Litigation Authority for one or other of the risks covered by the schemes, the Director of Finance shall ensure that the Board is informed of the nature and extent of the risks that are self-insured as a result of this decision. The Director of Finance, Performance and Estates will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses which will not be reimbursed.
- 24.4.2 All the risk pooling schemes require Scheme members to make some contribution to the settlement of claims (the 'deductible'). The Executive Director of Finance, Performance and Estates should ensure documented procedures also cover the management of claims and payments below the deductible in each case.