

Cover note

Operational from: 28 January 2022

Review date: On appointment of substantive CEO

Context

As a consequence of the substantive CEO leaving the Trust it has been necessary to enact deputising and delegation arrangements in place during the interim.

Arrangement

From 28 January 2022¹ until the commencement of a substantive CEO the following changes apply to the Trust's, Standing Orders, Standing Financial Instructions and Scheme of Reservation and Delegation.

Current post referred to and substantive post holder	Interim arrangement & applicable to
Chief Executive Officer, CEO (Vacant)	CEO (Andrew Strevens)
Chief Nurse (Jackie Munro)	Deputy CEO and Chief of Nursing and Allied Health Professionals (Jackie Munro)

Interim Board membership is as follows:

Interim Board membership
<p><u>Voting Members</u></p> <ul style="list-style-type: none"> ○ Independent Chair (Chairperson) ○ Five Non-Executive Members ○ Chief Executive Officer ○ Deputy CEO and Chief of Nursing and Allied Health Professionals ○ Chief Finance Officer ○ Chief Medical Officer ○ Chief People Officer
<p><u>Non-Voting Member</u></p> <ul style="list-style-type: none"> ○ Chief Operating Officer ○ Chief of Staff
<p><u>Advisor to the Board</u></p> <ul style="list-style-type: none"> ○ Director of Transformation

¹ Last working day for current CEO

Regarding financial delegations, the following additional amendments have been made (pg. 30 of Scheme of Reservation and Delegation, pg. 14 SFI's)

Level	Staff with authority	Requisitions		Invoices - limit (£000)
		Purchase orders – limit (£000)	Non purchase orders – limit (£000)	
1	CEO	No limit	No limit	No limit
2	Chief Finance Officer	No limit	No limit	No limit
3	Deputy Director of Finance	5,000	250	5,000
4	Level 1 Management Other Executive Directors	250	250	250
5	Commercial Business Partner & Head of Procurement	200	200	200
6	Level 2 Management Service Line Operational Directors and Corporate Associate Directors	50	50	50
7	Level 3 Management Senior managers, Heads of Department	20	20	Finance Business Partners and Financial Services Manager up to £5k Finance Managers nil
8	Other budget holders	5	5	5

Regarding credit notes, the following authorisation levels apply (pg. 31 of Scheme of Reservation and Delegation, pg. 15 SFI's).

Staff with authority	Limits
Chief Finance Officer	No Limit
Deputy Director of Finance	≤£5m
Head of Financial Accounts	≤50,000
Finance Business Partners	≤£5,000
Financial services Manager	≤£5,000
Finance Managers	≤£1,000

Regarding Purchase orders (pg. 34 of Standing Financial Instructions).

Level	Staff with authority	Limits
1	Chief Finance Officer	No Limit
2	Deputy Director of Finance	£5m
3	Head of Financial Accounts	£250k
4	Head of Procurement	£200K
5	Procurement Manager	£150K
6	Lead Buyer	£10k
7	Buyer	£5k

These arrangements will be reviewed and reverted when a substantive CEO is appointed. To remove as duplicate of above

Solent NHS Trust

Standing Financial Instructions

Version	Approved by	Date	Date of next review
2	Board	January 2013	At the point of FT license
3	Board	January 2015	At the point of FT license or November 2016 whichever is sooner
4	Board	November 2016	November 2017
5	Board	November 2017	November 2019
6	Board	January 2020	Nov 2022
7	Chairs Action	20 Nov 2020	Nov 2022
8	F&IC & Board	22 Nov 2021 06 Dec 2021	Nov 2022
9	F&IC	28 Nov 2022	Nov 2023

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Bribery Act 2010 Statement

The Bribery Act 2010 came into force on 1 July 2011 and made it a criminal offence to give promise of or offer a bribe or request, agree or receive a bribe. When receiving a bribe or bribing another (including a foreign official) individuals can be prosecuted. The maximum penalty is 10 years imprisonment and an unlimited fine. It is important to note that there is no need for the transfer of goods and/or money to have taken place to be classed as bribery, the intention is sufficient to qualify. Solent NHS Trust has in place adequate procedures to mitigate bribery risk. The Trust will not tolerate acts of bribery and will treat the giving or receiving of bribes as gross misconduct and may result in disciplinary action and/or criminal proceedings. Employees who have concerns should raise them with the Chief Finance Officer (the Senior Bribery Compliance Officer), and the Local Counter Fraud Specialist

1. Introduction

1.1 General

- 1.1.1 These Standing Financial Instructions are issued in accordance with the Trust 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.
- 1.1.2 These Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Decisions Reserved to the Board and the Scheme of Delegation adopted by the Board of Directors.
- 1.1.3 These Standing Financial Instructions identify the financial responsibilities which apply to everyone working for the Trust, Non-Executive Directors and its constituent organisations including Trading Units. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Chief Finance Officer (CFO).
- 1.1.4 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Chief Finance Officer must be sought before acting. The user of these Standing Financial Instructions should also be familiar with and comply with the provisions of the Trust's Standing Orders.
- 1.1.5 Failure to comply with Standing Financial Instructions and Standing Orders is a disciplinary matter that could result in dismissal in line with the Trusts Disciplinary Policy.
- 1.1.6 Any financial or other irregularities or impropriety in relation to these instructions, which involve evidence or suspicion of fraud, bribery or corruption, will be reported to the Trusts Counter Fraud Specialist and the NHS Counter Fraud Authority ((NHSCFA) in accordance with the Trusts Anti-Fraud, Bribery and Corruption Policy with a view to a criminal investigation being conducted and potential prosecution being sought
- 1.1.7 Overriding Standing Financial Instructions

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 and Risk Committee for referring action or ratification. All members of the Board of Directors and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Director of Finance & Performance as soon as possible.

1.2 Responsibilities and Delegation

1.2.1 Board of Directors

The Board of Directors exercises financial supervision and control by:

- (i) Formulating the financial strategy;
- (ii) Requiring the submission and approval of budgets within approved allocations/overall income;

- (iii) Defining and approving essential features in respect of important procedures and financial systems, including the need to obtain value for money; and
- (iv) Defining specific responsibilities placed on members of the Board of Directors and employees as indicated in the Scheme of Delegation document.

1.2.2 The Board of Directors has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the Reservation of Matters Reserved to the Board of Directors. All other powers have been delegated to such other committees as the Board of Directors has established.

1.2.3 **The Chief Executive and Chief Finance Officer**

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

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

1.2.4 **Chief Finance Officer**

The Chief Finance Officer is responsible for:

- (i) Implementing the Trust's financial policies and for coordinating any corrective action necessary to further these policies;
- (ii) 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; and
- (iii) 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.

Without prejudice to any other functions of the Trust, and employees of the Trust, the duties of the Chief Finance Officer include:

- (iv) The provision of financial advice to other members of the Board of Directors and employees;
- (v) The design, implementation and supervision of systems of internal financial control; and
- (vi) The preparation and maintenance of such accounts, certificates, estimates, records and reports as the Board of Directors may require for the purpose of carrying out its statutory duties.

1.2.5 **Members of the Board of Directors and Employees**

All members of the Board of Directors and employees, severally and collectively, are responsible for:

- (i) The security of the property of the Trust;
- (ii) Avoiding loss;

- (iii) Exercising economy and efficiency in the use of resources; and
- (iv) Conforming to the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation.

1.2.6 Contractors and their Employees

Any contractor or employee of a contractor who is empowered by the Board of Directors 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.

For all members of the Board of Directors and any employees who carry out a financial function, the form in which financial records are kept and the manner in which members of the Board and employees discharge their duties must be to the satisfaction of the Chief Finance Officer.

2. Audit

2.1 Audit and Risk Committee

2.1.1 In accordance with Standing Orders, the Board shall formally establish an Audit and Risk Committee, the overall purpose of which is to:

- (i) Oversee Internal and External Audit services;
- (ii) Review financial and information systems and monitor the integrity of the financial statements and review significant financial reporting judgments;
- (iii) Review the establishment and maintenance of an effective system of corporate governance, internal control and risk management across the whole of the Trust's activities that supports the achievement of the Trust's objectives;
- (iv) Monitor the integrity of the financial statements of the Trust;
- (v) Monitor the independent auditors' qualifications, independence and performance;
- (vi) Monitor the performance of the Trust's Internal Audit function;
- (vii) Monitor compliance by the Trust with legal and regulatory requirements; and
- (viii) Review the findings of other significant assurance functions, including counter fraud, both internal and external to the organisation, and consider the implications to the governance of the organisation.

2.1.2 Where the Audit and Risk Committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wishes to raise, the Chairman of the Audit and Risk Committee should raise the matter at a full meeting of the Board of Directors. Any such matter can be referred to the Local Counter Fraud Specialist for consideration of any criminal investigation and exceptionally, the matter may need to be referred to the Department of Health and Social Care (DHSC).

2.1.3 It is the responsibility of the Chief Finance Officer to ensure an adequate Internal Audit service is provided and the Audit and Risk Committee shall be involved in the selection process when Internal Audit is put out to tender.

2.2 Chief Finance Officer

2.2.1 The Chief Finance Officer is responsible for:

- (i) Ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective Internal Audit function;
- (ii) Ensuring that the Internal Audit is adequate and meets the NHS mandatory audit standards;
- (iii) Deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud, bribery or corruption; and
- (iv) Ensuring that an annual internal audit report is prepared for the consideration of the Audit Committee. The report must cover:
 - (a) A clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the DHSC including for example compliance with control criteria and standards;
 - (b) Major internal financial control weaknesses discovered;
 - (c) Progress on the implementation of internal audit recommendations;
 - (d) Progress against plan over the previous year;
 - (e) Strategic audit plan covering the coming three years; and
 - (f) A detailed plan for the coming year.

2.2.2 The Chief Finance Officer or designated auditors are entitled without necessarily giving prior notice to require and receive:

- (i) Access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
- (ii) Access at all reasonable times to any land, premises or members of the Board of Directors or employee of the Trust;
- (iii) The production of any cash, stores or other property of the Trust under a member of the Board of Directors and an employee's control; and
- (iv) Explanations concerning any matter under investigation.

2.3 Role of Internal Audit

2.3.1 Internal Audit will review, appraise and report upon:

- (i) The extent of compliance with, and the financial effect of, relevant established policies, plans and procedures;
- (ii) The adequacy and application of financial and other related management controls;
- (iii) The suitability of financial and other related management data;
- (iv) The extent to which the Trust's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
 - (a) Fraud, bribery or corruption and other offences;
 - (b) Waste, extravagance, inefficient administration; and

- (c) Poor value for money or other causes.
 - (v) The economic acquisition and the efficient use of resources;
 - (vi) Efficient operation of systems and departments;
 - (vii) The adequacy of follow up action to audit reports;
 - (viii) Other matters as requested by directors and senior managers and agreed by the Head of Internal Audit, or considered appropriate by the Head of Internal Audit; and
 - (ix) Internal Audit shall also independently verify the assurance statements in accordance with guidance from the DHSC.
- 2.3.2 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 Chief Finance Officer must be notified immediately.
- 2.3.3 The Head of Internal Audit will attend Audit and Risk Committee meetings and has a right of access to all Audit and Risk Committee members, the Chairman of the Board of Directors and Chief Executive.
- 2.3.4 The Head of Internal Audit shall be accountable to the Chief Finance Officer. The reporting system for internal audit shall be agreed between the Chief Finance Officer, the Audit and Risk Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit Standards.

2.4 External Audit

- 2.4.1 The External Auditor is appointed by the Trust.
- 2.4.2 The External Auditor and the Head of Internal Audit shall ensure maximum practical co-operation between their staff and minimise the duplication of work.
- 2.4.3 The external auditor should annually express an opinion on his ability to rely on the work of internal audit.

2.5 Fraud, Bribery and Corruption

- 2.5.1 All Members of the Board and Trust Officers, severally and collectively, are responsible for ensuring the Trusts resources are appropriately protected from fraud, bribery and corruption.
- 2.5.2 In line with their responsibilities, the Chief Executive and Chief Finance Officer shall monitor and ensure compliance with the NHS Standards for Providers for Countering Fraud, Bribery and Corruption.
- 2.5.3 The Board of Directors shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist as specified by the NHS Standards for Providers in Countering Fraud, Bribery and Corruption.
- 2.5.4 The Local Counter Fraud Specialist shall report to the Director of Finance & Performance and shall work with the NHSCFA in accordance with the NHS Counter Fraud Manual.

- 2.5.5 The Local Counter Fraud Specialist will ensure a written report is provided to each meeting of the Audit and Risk Assurance Committee on counter fraud, bribery and corruption work across the Trust.
- 2.5.6 It will be the duty of any Officer having evidence of, or reason to suspect, financial or other irregularities or impropriety in relation to these instructions, which involve evidence or suspicion of fraud, bribery or corruption, to report these suspicions by following the Trusts Anti-Fraud, Bribery and Corruption Policy.
- 2.5.7 Under no circumstances should any Officer commence an investigation into suspected or alleged crime, as this may compromise any further investigation.

2.6 Security Management

- 2.6.1 In line with their responsibilities, the Trust Chief Executive Chief Finance Officer will monitor and ensure compliance with Service Condition 24 of the Standard NHS Contract which covers NHS security management.
- 2.6.2 The Board of Directors shall nominate a suitable person to carry out the duties of the Local Security Management Specialist (LSMS).
- 2.6.3 The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the Security Management Director (SMD) and the appointed Local Security Management Specialist (LSMS).

3. Allocations, Planning, Budgets, Budgetary Control, and Monitoring

3.1 Preparation and Approval of Plans and Budgets

- 3.1.1 The Chief Executive will compile and submit to the Board of Directors an annual operating plan which takes into account financial targets and forecast limits of available resources. The plan will contain:
- (i) A statement of the significant assumptions on which the plan is based; and
 - (ii) Details of major changes in workload, delivery of services or resources required to achieve the plan.
- 3.1.2 Prior to the start of the financial year the Chief Finance Officer will, on behalf of the Chief Executive, prepare and submit budgets for approval to the Board of Directors following presentation at the Finance Committee. Such budgets will:
- (i) Be in accordance with the aims and objectives set out in the plan;
 - (ii) Accord with workforce plans;
 - (iii) Be produced following discussion with appropriate budget holders;
 - (iv) Be prepared within the limits of available funds; and
 - (v) Identify potential risks.
- 3.1.3 The Chief Finance Officer shall monitor financial performance against budget and plan, periodically review them, and report to the Board of Directors.
- 3.1.4 The Chief Finance Officer has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage successfully.

3.2 Budget Holders

- 3.2.1 The Director of Finance is responsible for specifying the criteria allowing an individual to be a budget holder and may, without prior notification, withdraw that permission or restrict their delegated authority at any point if there is reasonable justification to do so.
- 3.2.2 The budget holder must make themselves aware of relevant Trust guidance, procedures and instructions on financial management – ignorance is not an excuse for failure to follow procedures or instruction.
- 3.2.3 All budget holders must provide information as required by the Chief Finance Officer to enable budgets to be compiled.
- 3.2.4 All budget holders will sign up to their allocated budgets at the commencement of each financial year.
- 3.2.5 Budget holders are responsible for all expenditure against their budget and the use of Trust resources to deliver work outlined in their local business plans and in commissioners' contracts. Budget holders are responsible for taking all reasonable action (within the scope of guidance policies and procedures) to minimise the use of Trust resources for work that will not be paid for by Commissioners.
- 3.2.6 Budget holders are required to work within the financial limits as set out in the scheme of delegation listed below in adherence to Committee requirements for financial values and in accordance with the Investment Policy (concerning business cases and tenders).

Level	Staff with authority	Requisitions		Invoices - limit (£000)
		Purchase orders – limit (£000)	Non purchase orders – limit (£000)	
1	Chief Executive	No limit	No limit	No limit
2	Chief Finance Officer	No limit	No limit	No limit
3	Deputy Director of Finance	5,000	250	5,000
4	Level 1 Management Other Executive Directors	250	250	250
5	Commercial Business Partner & Head of Procurement	200	200	200
6	Level 2 Management Service Line Operational Directors and Corporate Associate Directors	50	50	50
7	Level 3 Management Senior managers, Heads of Department	20	20	Finance Business Partners and Financial Services Manager up to £5k Finance Managers nil
8	Other budget holders	5	5	5

Regarding credit notes, the following authorization levels apply:

Staff with authority	Limits
Chief Finance Officer	No Limit
Deputy Director of Finance	≤£5m
Head of financial accounts	≤50,000
Finance business partners	≤£5,000
Financial services & Finance managers	≤£5,000
Finance Managers	≤£1,000

3.3 Budgetary Delegation

3.3.1 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:

- (i) The amount of the budget;
- (ii) The purpose(s) of each budget heading;
- (iii) Individual and group responsibilities;
- (iv) Authority to exercise virement;
- (v) Achievement of planned levels of service; and
- (vi) The provision of regular reports.

3.3.2 The Chief Executive and delegated budget holders must not exceed the budgetary total or virement limits set by the Board of Directors.

3.3.3 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Executive, subject to any authorised use of virement. To be reviewed quarterly by the Finance Managers.

All Budget Holders will sign up to their allocated Budgets at the commencement of each financial year.

3.3.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the Chief Finance Officer. To be reviewed quarterly by the Finance Managers.

3.4 Budgetary Control and Reporting

3.4.1 The Chief Finance Officer will devise and maintain systems of budgetary control. These will include:

- (i) Monthly financial reports to the Finance Committee and bi-monthly to Board of Directors in a form approved by the Board containing:

- (a) Income and expenditure to date showing trends and forecast year-end position and any financial consequences of changes that might affect budgets;
 - (b) Movements in working capital;
 - (c) Movements in cash and capital;
 - (d) Capital project spend and projected outturn against plan;
 - (e) Explanations of any material variances from plan; and
 - (f) Details of any corrective action where necessary and the Chief Executive's and/or Chief Finance Officer's view of whether such actions are sufficient to correct the situation.
- (ii) The issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;
 - (iii) Investigation and reporting of variances from financial, workload and manpower budgets;
 - (iv) Monitoring of management action to correct variances; and
 - (v) Arrangements for the authorisation of budget transfers.

3.4.2 Each Budget Holder is responsible for ensuring that:

- (i) any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Board of Directors;
- (ii) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement; and
- (iii) no permanent employees are appointed without the approval of the Chief Executive other than those provided for within the available resources and manpower establishment as approved by the Board of Directors.

3.4.3 The Chief Executive is responsible for identifying and implementing cost improvements and income generation initiatives in accordance with the requirements of the annual operating plan and a balanced budget.

3.5 Capital Expenditure

The general rules applying to delegation and reporting shall also apply to capital expenditure.

3.6 Monitoring Returns

The Chief Executive is responsible for ensuring that the appropriate monitoring forms are submitted to the requisite monitoring organisation.

4. Annual Accounts and Reports

4.1 Chief Finance Officer, on behalf of the Trust, will:

- (a) Prepare financial returns in accordance with the accounting policies and guidance given by the DHSC and the Treasury, the Trust's accounting policies, and generally accepted accounting practice;
 - (b) Prepare and submit annual financial reports to the DHSC certified in accordance with current guidelines; and
 - (c) Submit financial returns to the DHSC for each financial year in accordance with the timetable prescribed by the DHSC.
- 4.2 The Trust's annual accounts must be audited by an external auditor. The Trust's audited annual accounts must be presented to a public meeting and made available to the public.
- 4.3 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 of Health and Social Care Group Accounting Manual.

5. Bank Accounts

5.1 General

- 5.1.1 The Chief Finance Officer 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 and directions issued from time to time by the DHSC. In line with 'Cash Management in the NHS' Trusts should minimize the use of commercial bank accounts and consider using Government Banking Service (GBS) accounts for all banking services.
- 5.1.2 The Board of Directors shall approve the banking arrangements.

5.2 Bank Accounts

- 5.2.1 The Chief Finance Officer is responsible for:
- (i) Bank accounts;
 - (ii) Establishing separate bank accounts for the Trust's non-exchequer funds;
 - (iii) Ensuring payments made from bank do not exceed the amount credited to the account except where arrangements have been made;
 - (iv) Reporting to the Board of Directors all arrangements made with the Trust's bankers for accounts to be overdrawn; and
 - (v) Monitoring compliance with DHSC guidance on the level of cleared funds.

5.3 Banking Procedures

- 5.3.1 The Chief Finance Officer will prepare detailed instructions on the operation of bank accounts which must include:
- (i) The conditions under which each bank account is to be operated; and
 - (ii) Those authorised to sign cheques or other orders drawn on the Trust's accounts.
- 5.3.2 The Chief Finance Officer must advise the Trust's bankers in writing of the conditions under which each account will be operated.

- 5.3.3 All funds shall be held in accounts in the name of the Trust. No officer other than the Chief Finance Officer shall open any bank account in the name of the Trust.
- 5.3.4 The Chief Finance Officer shall be authorized to make payments using BACs and CHAPS to establish appropriate procedures in accordance with locally agreed arrangements.
- 5.3.5 All payment instruments shall be treated as controlled stationery and be the responsibility of the Head of financial accounts who will maintain records as prescribed by the Chief Finance Officer.
- 5.3.6 Where payments are made by direct debit, each mandate shall be approved by the Chief Finance Officer and shall be recorded in a register. Payments shall be verified against such approvals on a periodic basis.

5.4 Tendering and Review

- 5.4.1 The Chief Finance Officer will review the commercial banking arrangements of the Trust at regular intervals to ensure they reflect best practice and represent best value for money.

5.5 Treasury Management

5.5.1 Board of Directors

- Approves overall treasury policy
- Approves external funding arrangements subject to the Treasury policy
- Delegates to the Finance Committee approval the Trust's treasury management detailed policies, processes and controls

5.5.2 Finance Committee

- Recommends to the Board the Trust's detailed treasury management policies, processes and controls
- Approves relevant benchmarks for measuring performance
- Reviews and monitors investment and borrowing policy and performance against the relevant benchmarks
- Ensures proper safeguards are in place for security of the Trust's funds by: approving a list of permitted institutions; approving investment limits for each permitted institution; approving permitted investment types; and ensuring approved bank mandates are in place for all accounts which are updated regularly for changes in signatories and authority levels
- Monitors compliance with treasury policies and procedures in particular as regards limits, approved counterparties and types of investments
- Delegates responsibility for treasury operations to the Chief Finance Officer
- Oversees and reviews detailed treasury reporting requirements

5.5.3 Chief Finance Officer

- The Chief Finance Officer has overall responsibility for compliance with policy.

- The Chief Finance Officer holds regular meetings with the head of financial accounts discuss issues and consider any points that should be brought to the attention of the Finance Committee and Board of Directors.

5.5.4 Further detail on the treasury management function is contained in the Treasury management policy.

6. Income, Fees and Charges and Security of Cash, Cheques and other negotiable instruments

6.1 Income Systems

6.1.1 The Chief Finance Officer is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, and collection and coding of all monies due.

6.1.2 The Chief Finance Officer is also responsible for the prompt banking of all monies received.

6.2 Fees and Charges

6.2.1 The Trust shall follow the DHSC's advice in the *NHS Costing Manual* in setting prices for NHS service agreements.

6.2.2 The Chief Finance Officer is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the DHSC 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 DHSC's *Commercial Sponsorship – Ethical standards in the NHS* shall be followed.

6.2.3 All employees must inform the Chief Finance Officer promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.

6.3 Debt Recovery

6.3.1 The Chief Finance Officer is responsible for the appropriate recovery action on all outstanding debts.

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

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

6.3.4 The Chief Finance Officer is responsible for establishing and maintaining procedures for issuing credit notes and for debt write off, within delegated limits, after all reasonable steps have been taken.

6.3.5 The Chief Finance Officer is responsible for agreeing all write-offs of debts. A list of amounts written off shall be submitted by the Chief Finance Officer to the Audit and Risk Committee twice yearly.

6.4 Security of Cash, Cheques and other Negotiable Instruments

6.4.1 The Chief Finance Officer is responsible for:

- (i) Approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable;

- (ii) Ordering and securely controlling any such stationery;
 - (iii) 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; and
 - (iv) Prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust.
- 6.4.2 Official money shall not under any circumstances be used for the encashment of private cheques or IOUs.
- 6.4.3 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Chief Finance Officer.
- 6.4.4 Any loss or shortfall of cash, cheques or other negotiable instruments however occasioned shall be reported to the Chief Finance Officer.
- 6.4.5 The opening of incoming post should where possible be undertaken by two officers unless otherwise formally agreed by the Chief Finance Officer. All cash, cheques and postal orders and other forms of payment received by an officer other than a cashier shall be entered immediately in an approved form of register. All cheques and postal orders shall be crossed immediately "Not Negotiable". The remittances shall be passed to the cashier from whom a signature shall be obtained.
- 6.4.6 An official receipt shall be made out by the cashier for every sum received and shall show the type of remittance and the reason for payment.
- 6.4.7 The opening of cash tills, telephones and other coin operated machines and the counting and recording of takings shall be recorded by two officers together. Both shall sign the records and the keys shall be held by a separate nominated officer.
- 6.4.8 The Chief Finance Officer shall ensure that there is a system for recording the transfer of custody of cash, cheques and other negotiable instruments from one person to another, and in what circumstances such records should be made.
- 6.4.9 Any employee who has any indication that the safe custody of cash, etc. on the Trusts premises or in transit may be at risk, must immediately notify the Chief Finance Officer or the Head of Internal Audit.
- 6.4.10 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.

6.5 Income Generation

The Chief Finance Officer shall ensure that there are systems in place to identify all costs and revenues attributed to each scheme.

7. Quotation, Tendering and Contracting Procedure

7.1 Duty to comply with standing Orders and Standing Financial Instructions

The procedure for making all contracts by or on behalf of the Trust shall comply with the Standing Orders and Standing Financial Instructions.

7.2 EU Directives Governing Public Procurement

Directives by the Council of the European Union promulgated by the DHSC prescribing procedures for awarding all forms of contracts shall have effect as if incorporated in these Standing Orders and Standing Financial Instructions.

7.3 NHS Transparency Agenda

The Trust is required to publish all spend data over £25,000 PA in line with the DHSC Procurement Transparency paper, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/299137/Transparency_Guidance_Effective_1_April_2014.pdf

7.4 Capital Investment Manual and other DHSC Guidance

The Trust shall comply as far as is practicable with the requirements of the DHSC *Capital Investment Manual* and *Estate code* in respect of capital investment and estate and property transactions. In the case of management consultancy contracts the Trust shall comply as far as is practicable with DHSC guidance *The Procurement and Management of Consultants within the NHS*.

7.5 Formal Competitive Quotations and Tendering [see note below]

Formal Competitive Quotations are required when the intended expenditure or income exceeds, or is reasonably expected to exceed £5k but not exceed £49,999

Formal Competitive tendering procedures are required where the intended expenditure or income exceeds or is reasonably expected to exceed £50,000.

7.5.1 General Applicability

The Trust shall ensure that competitive quotations and tenders are invited for:

- (i) The supply of goods, materials and manufactured articles;
- (ii) The rendering of services including all forms of management consultancy services (other than specialised services sought from or provided by the DHSC); and
- (iii) The design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens); for disposals.

7.5.2 Healthcare Services

Where the Trust elects to invite tenders for 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 paragraph 7 of these Standing Financial Instructions.

7.5.3 Exceptions and instances where formal tendering need not be applied or required

Formal quotation or tendering procedures need not be applied or required where:

- (i) The estimated expenditure or income does not, or is not reasonably expected to, exceed **£5K** (life of contract);
- (ii) Where the supply is proposed under special arrangements negotiated by the DHSC in which event the said special arrangements must be complied with;

- (iii) Where supply of goods is through NHS Supply Chain unless the Chief Executive or nominated officers deem it inappropriate for reasons of cost or availability. The decision to use alternative sources must be documented
- (iv) Where the requirement is covered by an existing contract;
- (v) Where a regional or national framework is in place and has been approved by the Board of Directors
- (vi) Where the Trust can utilise framework agreements through a direct award or further competition to achieve Value for Money. These may include but not be limited to Crown Commercial Services, NHS Commercial Solutions and the other NHS Hubs, NHS Shared Business Services, Health Trust Europe, Pro5.
- (vii) Where a consortium/collaborative arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the consortium/collaborative members;
- (viii) Regarding disposals as set out in paragraph 15.1 of these Standing Financial Instructions;

Formal quotation or tendering procedures **may be waived** in the following circumstances and require single tender waiver approval

- (iv) in very exceptional circumstances where the Chief Executive decides that formal quotation or tendering procedures 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;
- (v) Where the timescale genuinely precludes competitive quotations or tendering but failure to plan the work properly would not be regarded as a justification for a single tender;
- (vi) Where specialist expertise is required and is available from only one source;
- (vii) 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;
- (viii) 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;
- (xiii) 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.

The Chief Finance Officer will ensure that any fees paid are reasonable and within commonly accepted rates for the costing of such work; and

- (xiv) Where allowed and provided for in the Capital Investment Manual.

The waiving of competitive tendering procedures 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.

Where it is decided that competitive tendering 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 and Risk Committee at each meeting.

7.5.4 **Fair and Adequate Competition**

The Trust shall ensure that invitations to quote/tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and in no case less than **three** firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.

7.5.5 **List of Approved Firms**

The Trust shall ensure that the firms/individuals invited to tender and, where appropriate, quote, are among those on approved lists. Where in the opinion of the Chief Finance Officer it is desirable to seek tenders from firms not on the approved lists, the reason shall be recorded in writing to the Chief Executive (see paragraph 7.6.8 below).

7.5.6 **Building and Engineering Construction Works**

Competitive quotation or tendering cannot be waived for building and engineering construction works and maintenance (other than in accordance with Concode) without Departmental of Health approval.

7.5.7 **Items which subsequently breach thresholds after original approval**

Items estimated to be below the limits set in this Standing Financial Instruction for which formal quotation or tendering 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.

7.6 **Quotations: Competitive and Non-Competitive**

7.6.1 **General position on quotations**

Quotations are required where formal tendering procedures are not adopted and where the intended expenditure or income exceeds or is reasonably expected to exceed **£5,000 but not exceed £50,000**.

7.6.2 **Competitive Quotations**

- (i) Requests for Quotations over £5k shall be logged using the e-tendering portal
- (ii) 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.
- (ii) 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.

- (ii) All quotations should be treated as confidential and should be retained for inspection. A Service line Operational Director or Corporate Associate Director and at least one other manager 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.

7.6.3 Competitive Tendering Procedure (over £50,000)

7.6.4 Invitation to Tender for services to the Trust

- (i) All invitations to tender shall be issued using the trust e-tendering portal.
- (iii) All invitations to tender shall state the date and time as being the latest time for the receipt of tenders.
- (iv) All invitations to tender shall state that no tender will be accepted unless:
 - (a) submitted via the e-tendering portal
 - (b) Submitted within the advertised deadline
 - (c) The submission is complete and does not contain gaps or omissions
 - (d) Tenderers agreed to the advertised NHS Terms and Conditions of Contract
- (v) 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 DHSC guidance and, in minor respects, to cover special features of individual projects.

7.6.5 Receipt and Safe Custody of Tenders

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.

The date and time of receipt of each tender shall be fully documented by the e-tendering portal.

7.6.6 **Opening Tenders and Register of Tenders**

- (i) As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, the e-tendering portal shall be closed to further tender submissions, and the project will be locked for evaluation.
- (iii) The 'originating' Department will be taken to mean the Department sponsoring or commissioning the tender.
- (vi) A designated procurement officer shall electronically open the submitted tenders through the e-tendering portal.
- (vii) The e-tendering portal will record the date and time the tender submissions are opened.
- (vii) A tendering register shall be maintained on the e-tendering portal, to show for each set of competitive tender invitations dispatched:
 - (a) The name of all firms' individuals invited;
 - (b) The names of firms individuals from which tenders have been received;
 - (c) The date the tenders were opened;
 - (d) The person opening the tender;
 - (e) The price shown on each tender;
 - (f) A note where price alterations have been made on the tender.
- (viii) 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 (paragraph 7.6.5 below).

7.6.7 **Admissibility**

- (i) If for any reason the designated senior employees 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.
- (ii) Where only one tender is sought and/or received, the Chief Executive and Chief Finance Officer shall, as far practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for the Trust.

7.6.8 **Late Tenders**

- (i) 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. delayed through no fault of the tenderer.

- (ii) 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 and the process of evaluation and adjudication has not started.
- (iii) While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential and not opened on the e-tendering portal.

7.6.9 Acceptance of Formal Tenders

- (i) For transparency and fairness when a tender response requires further clarification, an electronic message will be sent using the e-tendering portal.

Clarification 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.

- (ii) 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 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:

- (a) experience and qualifications of team members;
- (b) Understanding of client's needs;
- (c) Feasibility and credibility of proposed approach; and
- (d) Ability to complete the project on time.

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.

- (iii) 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.
- (iv) The use of these procedures must demonstrate that the award of the contract was:
 - (a) Not in excess of the going market rate / price current at the time the contract was awarded; and
 - (b) That best value for money was achieved.
- (v) All tenders should be treated as confidential and should be retained for inspection.

7.6.10 Tender Reports to the Board of Directors

Reports to the Board of Directors will be made on an exceptional circumstance basis only.

7.6.11 List of Approved Firms

(i) Responsibility for Maintaining List

It is the responsibility of the Chief Executive on behalf of the Trust that lists of approved firms is held from whom tenders and quotations may be invited. These shall be kept under frequent review. The lists shall include all firms who have applied for permission to tender and as to whose technical and financial competence the Trust is satisfied. All suppliers must be made aware of the Trust's terms and conditions of contract.

(ii) Building and Engineering Construction Works

- (a) Invitations to tender shall be made only to firms included on the approved list of tenderers compiled in accordance with this Instruction or on the separate maintenance lists compiled in accordance with Estmancode guidance (Health Notice HN (78)147).
- (b) Firms included on the approved list of tenderers 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.
- (c) 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.

(iii) Financial standing and technical competence of contractors

The Chief Finance Officer may make or institute any enquiries he deems appropriate concerning the financial standing and financial suitability of approved contractors. The Medical Director will similarly make such enquiries as is felt appropriate to be satisfied as to their technical / medical competence.

7.6.12 Exceptions to using Approved Contractors

- (i) If in the opinion of the Chief Executive and the Chief Finance Officer or the Director with lead responsibility for clinical governance it is impractical to use a potential contractor from the list of approved firms/individuals (for example where specialist services or skills are required and there are insufficient suitable potential contractors on the list), or where a list for whatever reason has not been prepared, the Chief Executive should ensure that appropriate checks are carried out as to the technical and financial capability of those firms that are invited to tender or quote.
- (ii) An appropriate record in the contract file should be made of the reasons for inviting a tender or quote other than from an approved list

7.7 Quotations and Tenders to be within Financial Limits

No quotation or 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 Standing Financial Instructions except with the authorisation of either the Chief Executive or Chief Finance Officer.

7.8 Authorisation of Competitive Quotations and Tenders

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 to the life value of the contract. These levels of authorisation may be varied or changed and need to be read in conjunction with the Trust Board's Scheme of Delegation:

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

7.9 Compliance requirements for all contracts

The Board of Directors 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:

- (i) The Trust's Standing Orders and Standing Financial Instructions;
- (ii) EU Directives and other statutory provisions;
- (iii) Any relevant directions including the Capital Investment Manual, Estatecode and guidance on the Procurement and Management of Consultants;
- (iv) Such of the NHS Standard Contract Conditions as are applicable;
- (v) Contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance;
- (vi) 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; and
- (viii) In all contracts made by the Trust, the Board of Directors shall endeavor 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.

7.10 Form of Contract

All products and services (non-clinical) up to a value of £19,999 will require a purchase order which provides explicit reference to the NHS Terms and Conditions of Contract which apply and that the parties will contract:

- <https://www.gov.uk/government/publications/nhs-standard-terms-and-conditions-of-contract-for-the-purchase-of-goods-and-supply-of-services> - Purchase Order Version
- Please note that Purchase order versions cannot be used to commission clinical services. This should be commissioned using the NHS Standard Contract Terms and Conditions. <https://www.england.nhs.uk/nhs-standard-contract/19-20/>

There may be occasions where certain below threshold contracts may require alternative contract or Terms and Conditions in these cases the following should apply:

- (i) These Terms and Conditions would need to be agreed by the Head of Commercial.
- (ii) and a purchase order raised referring to the appropriate Terms and Conditions

7.10.1. All clinical products and services and non-clinical products and services over the value of £20,000 will require a purchase order and a contract using either:

- <https://www.gov.uk/government/publications/nhs-standard-terms-and-conditions-of-contract-for-the-purchase-of-goods-and-supply-of-services> - using relevant Goods and Services Terms and Conditions
- <https://www.england.nhs.uk/nhs-standard-contract/19-20/> Contract Version or Sub-Contractor version as appropriate.
- Terms and Conditions of the agreed framework and associated call off agreement

Any terms and conditions that fall outside of this should be referred to the Commercial Team.

7.11 Personnel and agency or temporary staff contracts

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

7.12 Healthcare services agreements

- (i) Service agreements with NHS providers for the supply of healthcare services shall be drawn up in accordance with the NHS and Community Care Act 2003 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 public benefit corporation, is a legal document and is enforceable in law.
- (ii) The Chief Executive shall nominate officers to commission service agreements with other providers of healthcare in line with a plan approved by the Board of Directors.
- (iii) Partnership Arrangements with local authorities will be drawn up in accordance with relevant guidance and legislation and a record kept and reported to Board

7.13 Disposals

Competitive tendering or quotation procedures shall not apply to the disposal of:

- (i) 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 nominee;
- (ii) Obsolete or condemned articles and stores, which may be disposed of in accordance with the appropriate Trust procedures
- (iii) Items to be disposed of with an estimated sale value of less than **£5,000** this figure to be reviewed on a periodic basis;
- (iv) Items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract; and
- (v) Land or buildings concerning which DHSC guidance has been issued but subject to compliance with such guidance.

7.14 In-house Services

- 7.14.1 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.
- 7.14.2 In all cases where the Board of Directors determines that in-house services should be subject to competitive tendering the following groups shall be set up:
- (i) Specification group, comprising the Chief Executive or nominee and specialist;
 - (ii) In-house tender group, comprising a nominee of the Chief Executive and technical support; and
 - (iii) Evaluation team, comprising normally a specialist officer, a supplies officer and a Chief Finance Officer Representative. For services having a likely annual expenditure exceeding the levels set out in the Scheme of Delegation, a non-executive member of the Board of Directors should be a member of the evaluation team.
- 7.14.3 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.
- 7.14.4 The evaluation team shall make recommendations to the Board of Directors.
- 7.14.5 The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the Trust.

7.15 Applicability of SFIs on tendering and contracting to funds held in trust

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.

8. NHS service agreements for provision of services

8.1 Service Level Agreements (SLAs)

- 8.1.1 The Chief Executive, as the Accounting 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 commissioning 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:

- (i) the standards of service quality expected;
- (ii) the relevant national service framework (if any);
- (iii) the provision of reliable information on cost and volume of services and information from service line reporting;

- (iv) the NHS Operating Framework;
- (v) that SLAs build where appropriate on existing QIPP (quality, innovation, productivity and prevention) Plans; and
- (vi) Those SLAs are based on integrated care pathways.

8.2 Involving Partners and Jointly Managing Risk

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.

8.3 Reports to Board of Directors on SLAs

The Chief Executive, as the Accounting 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 increasingly should be based upon Healthcare Resource Groups (HRGs). Where HRGs are unavailable for specific services, all parties should agree a common currency for application across the range of SLAs.

9. Pay Expenditure

9.1 Remuneration and Terms of Service

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

9.2 Funded Establishment

- 9.2.1 The workforce plans incorporated within the annual budget will form the funded establishment.
- 9.2.2 The funded establishment of any department may not be varied without the approval of the Chief Executive.

9.3 Processing Payroll

- 9.3.1 The Chief Finance Officer is responsible for:
 - (i) Specifying timetables for submission of properly authorised time records and other notifications;
 - (ii) The final determination of pay and allowances;
 - (iii) Making payment on agreed dates; and
 - (iv) Agreeing method of payment.
- 9.3.2 The Chief Finance Officer will issue instructions regarding:
 - (i) Verification and documentation of data;

- (ii) The timetable for receipt and preparation of payroll data and the payment of employees and allowances;
- (iii) Maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
- (iv) Security and confidentiality of payroll information;
- (v) Checks to be applied to completed payroll before and after payment;
- (vi) Authority to release payroll data under the provisions of the Data Protection Act;
- (vii) Methods of payment available to various categories of employee and officers;
- (viii) Procedures for payment by cheque, bank credit, or cash to employees and officers;
- (ix) Procedures for the recall of cheques and bank credits;
- (x) Pay advances and their recovery;
- (xi) Maintenance of regular and independent reconciliation of pay control accounts;
- (xii) Separation of duties of preparing records and handling cash; and
- (xiii) A system to ensure the recovery from those leaving the employment of the Trust of sums of money and property due by them to the Trust.

9.3.3 Appropriately nominated managers have delegated responsibility for:

- (i) Submitting time records, and other notifications in accordance with agreed timetables;
- (ii) completing time records and other notifications in accordance with the Chief Finance Officer's instructions and in the form prescribed by the Chief Finance Officer; and
- (iii) Submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's or officer's resignation, termination or retirement. Where an employee fails to report for duty or to fulfill obligations in circumstances that suggest they have left without notice, the Chief Finance Officer must be informed immediately. Managers that fail to comply with the requirements above may be subject to disciplinary action.

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

9.4 Expenses Payable to Staff

Expenses are non-pay expenditure but should be paid with salary and only exceptionally by any other means (i.e. if an individual is not yet set up on payroll). Trust procedures for expense claims must be followed by all staff and it is each individual's responsibility to submit claims on a regular basis, which enables the Trust to monitor and control expenditure and provide payment. The Trust may refuse to pay any claims more than three (3) months old.

9.5 Contracts of Employment

9.5.1 The Board of Directors shall delegate responsibility to the Chief People Officer:

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

10. Non-pay expenditure

10.1 Delegation of Authority

10.1.1 The Board of Directors will approve the level of non-pay expenditure on an annual basis and the Chief Executive, on the recommendation of the Finance Committee, will determine the level of delegation to budget managers.

10.1.2 The Chief Executive will set out:

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

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

10.2 Choice, requisitioning, ordering, receipt and payment for goods and services

The Chief Finance Officer is responsible for the requisition, ordering, receipt and payment for goods and services.

10.2.1 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 Value for money must be sought in all instances or a waiver of procurement procedures must be followed see section 7.7.

Purchase order authorization- buyers are required to work within the financial limits as set out in the scheme of delegation listed below.

Level	Staff with authority	
1	Chief Finance Officer	No Limit
3	Deputy Director of Finance	£5m
4	Head of Financial Accounts	£250k
5	Head of Procurement	£200K
6	Procurement Manager	£150K
7	Lead Buyer	£10k
8	Buyer	£5K

10.2.2 System of payment and payment verification

The Chief Finance Officer 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.

10.2.3 The Chief Finance Officer will:

- (i) advise the Board of Directors 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 Standing Financial Instructions and regularly reviewed;
- (ii) Prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds;
- (iii) Be responsible for the prompt payment of all properly authorised accounts and claims;
- (iv) Be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
 - (a) A list of Board employees (including specimens of their signatures) authorised to certify invoices;
 - (b) 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; and
 - the account is in order for payment;
- (c) A timetable and system for submission to the Chief Finance Officer of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment;
- (d) Instructions to employees regarding the handling and payment of accounts within the Finance Department; and
- (v) Be responsible for ensuring that payment for goods and services is only made once the goods and services are received. The only exceptions are set out in paragraph 10.3 below.

10.3 Prepayments

Prepayments are only permitted where exceptional circumstances apply. In such instances:

- (i) Prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to NPV using the National Loans Fund (NLF) rate plus 2%);
- (ii) 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;
- (iii) the Chief Finance Officer will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold); and
- (iv) The budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate Director or Chief Executive if problems are encountered.

10.4 Official Orders

Official Orders must:

- (i) Be consecutively numbered;
- (ii) Be in a form approved by the Chief Finance Officer;
- (iii) State the Trust's terms and conditions of trade;
- (iv) Only be issued to, and used by, those duly authorised by the Chief Executive.

10.5 Duties of executive directors and managers

Executive directors and managers must ensure that they comply fully with the guidance and limits specified by the Chief Finance Officer and that:

- (i) 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 Chief Finance Officer in advance of any commitment being made;
- (ii) Contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement;
- (iii) Where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the DHSC;
- (iv) 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:
 - (a) Isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;
 - (b) Conventional hospitality, such as lunches in the course of working visits; All staff should refer to the Conflicts of Interest Policy and register interests accordingly.
 - (c) Any offer of a gift, reward or benefit that falls outside of (a) or (b) should be recorded immediately and reported to the Chief Finance Officer and the Local Counter Fraud Specialist; to demonstrate the Trusts adequate procedures for mitigating risk of corporate offences contrary to section 7 of the Bribery Act 2010.
- (v) No requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Chief Finance Officer on behalf of the Chief Executive after debate has been held with the Directors and an identified funding stream or audit trail of decision
- (vi) All goods, services, or works are ordered on an official order except works and services executed in accordance with a contract
- (vii) Verbal orders must only be issued very exceptionally - by an employee 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";
- (vii) Orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- (viii) Goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;
- (ix) Changes to the list of employees and officers authorised to certify invoices are notified to the Chief Finance Officer;
- (x) purchase from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Chief Finance Officer; and

- (xi) Petty cash records are maintained in a form as determined by the Chief Finance Officer.

10.5.1 The Chief Executive and Chief Finance Officer 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 the Health Building Note 00-08 (Strategic framework for the efficient management of healthcare estates and facilities). The technical audit of these contracts shall be the responsibility of the relevant Director.

10.6 Joint Finance Arrangements with Local Authorities and Voluntary Bodies

Payments to local authorities and voluntary organisations made under the powers contained in sections 256 and 257 of the NHS Act 2006 shall comply with procedures laid down by the Director of Finance & Performance which shall be in accordance with these Acts.

11. External Borrowing

11.1.1 The Chief Finance Officer will advise the Board of Directors 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 DHSC. The Chief Finance Officer is also responsible for reporting periodically to the Board of Directors concerning the PDC debt and all loans and overdrafts.

11.1.2 The Board of Directors 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 Chief Finance Officer.

11.1.3 The Chief Finance Officer must prepare detailed procedural instructions concerning applications for loans and overdrafts.

11.1.4 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 DHSC.

11.1.5 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 Chief Finance Officer. The Board of Directors must be made aware of all short-term borrowings at its next meeting.

11.1.6 All long-term borrowing must be consistent with the plans outlined in the current annual operating plan and be approved by the Board of Directors.

11.2 Investments

11.2.1 Temporary cash surpluses must be held only in such public or private sector investments as notified by the Secretary of State and authorised by the Board of Directors.

11.2.2 The Chief Finance Officer is responsible for advising the Board of Directors on investments and shall report periodically to the Board of Directors concerning the performance of investments held.

11.2.3 The Chief Finance Officer will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

12. Financial framework

The Chief Finance Officer should ensure that members of the Board of Directors are aware of the Financial Framework. This document contains directions which the Trust must follow including resource and capital allocation. The Chief Finance Officer should also ensure that the direction and guidance in the framework is followed by the Trust.

13. Capital investment, private financing, fixed asset registers and security of assets

The Trust Investment policy sets out the governance process for all major capital projects and investments undertaken by the Trust in its capacity as an NHS Trust.

The policy builds on the Trust's existing governance arrangements, in particular those relevant to the Finance Committee. This Policy should be read in conjunction with the Trust's Budgetary Control and Treasury Management policies.

In developing the policy, the Trust has taken into account the relevant best practice guidance issued by NHSI "Risk Evaluation for Investment Decisions by NHS Foundation Trusts".

13.1 Capital investment

13.1.1 The Chief Executive:

- (i) 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;
- (ii) is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;
- (iii) 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.

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

- (i) That a business case (in line with the Trusts Investment Policy) is produced setting out:
 - (a) an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
 - (b) the involvement of appropriate Trust employees and external agencies; and
 - (c) Appropriate project management and control arrangements; and
- (iii) That the Chief Finance Officer has certified professionally to the costs and revenue consequences detailed in the business case.

13.1.3 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of the Health Building Note 00-08 (Strategic framework for the efficient management of healthcare estates and facilities)

- 13.1.4 The Chief Finance Officer shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with Inland Revenue guidance.
- 13.1.5 The Chief Finance Officer shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.
- 13.1.6 The approval of a capital programme shall not constitute approval for expenditure on any scheme.

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

- (i) Specific authority to commit expenditure;
- (ii) Authority to proceed to tender; and
- (iii) Approval to accept a successful tender.

The Chief Executive will issue a scheme of delegation for capital investment management in accordance with the Health Building Note 00-08 (Strategic framework for the efficient management of healthcare estates and facilities) and the Trust's Standing Orders.

- 13.1.7 The Chief Finance Officer shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes.

13.2 Private Finance

- 13.2.1 The Trust should normally test for PFI when considering capital procurement. When the Trust proposes to use finance, which is to be provided other than through its Allocations, the following procedures shall apply:

- (i) The Chief Finance Officer shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector;
- (ii) Where the sum involved exceeds delegated limits, the business case must be referred to the DHSC or in line with any current guidelines; and
- (iii) The proposal must be specifically agreed by the Board of Directors.

13.3 Asset Registers

- 13.3.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Chief Finance Officer 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.
- 13.3.2 Each 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 relevant guidance issued by the DHSC.
- 13.3.3 Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:
- (i) Properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;

- (ii) Stores, requisitions and wages records for own materials and labour including appropriate overheads; and
 - (iii) Lease agreements in respect of assets held under a finance lease and capitalised.
- 13.3.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices where appropriate.
- 13.3.5 The Chief Finance Officer shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 13.3.6 The value of each asset shall be indexed to current values in accordance with methods specified in the relevant guidance issued by the DHSC.
- 13.3.7 The value of each asset shall be depreciated using methods and rates as specified in the relevant guidance issued by the DHSC.
- 13.3.8 The Chief Finance Officer of the Trust shall calculate and pay capital charges as specified in the relevant guidance issued by the DHSC.

13.4 Security of Assets

- 13.4.1 The overall control of fixed assets is the responsibility of the Chief Executive.
- 13.4.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Chief Finance Officer. This procedure shall make provision for:
- (i) Recording managerial responsibility for each asset;
 - (ii) Identification of additions and disposals;
 - (iii) Identification of all repairs and maintenance expenses;
 - (iv) Physical security of assets;
 - (v) Periodic verification of the existence of, condition of, and title to, assets recorded;
 - (vi) Identification and reporting of all costs associated with the retention of an asset; and
 - (vi) Reporting, recording and safekeeping of cash, cheques, and negotiable instruments.
- 13.4.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Chief Finance Officer.
- 13.4.4 Whilst each employee and officer has a responsibility for the security of property of the Trust, it is the responsibility of members of the Board 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 of Directors. Any breach of agreed security practices must be reported in accordance with agreed procedures.
- 13.4.5 Any damage to the Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by members of the Board of Directors and employees in accordance with the procedure for reporting losses.

13.4.6 Where practical, assets should be marked as Trust property.

14. Stores and Receipt of Goods

14.1 General Position

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

- (i) Kept to a minimum;
- (ii) Subjected to annual stock take; and
- (iii) Valued at the lower of cost and net realisable value.

14.2 Control of Stores, Stocktaking, Condemnations and Disposal

14.2.1 Subject to the responsibility of the Chief Finance Officer 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 him to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the Chief Finance Officer. The control of any pharmaceutical stocks shall be the responsibility of the Chief Pharmacist; the control of any fuel oil and coal of a designated estates manager.

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

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

14.2.4 Stocktaking arrangements shall be agreed with the Chief Finance Officer and there shall be a physical check covering all items in store at least once a year.

14.2.5 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Chief Finance Officer.

14.2.6 The Chief Pharmacist shall be responsible for a system approved by the Chief Finance Officer for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The Chief Pharmacist shall report to the Chief Finance Officer any evidence of significant overstocking and of any negligence or malpractice. Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

14.3 Goods supplied by NHS Supply Chain

14.3.1 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 Chief Finance Officer who shall satisfy himself that the goods have been received before accepting the recharge.

15. Disposals and condemnations, losses and special payments

15.1 Disposals and condemnations

15.1.1 Procedures

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

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

15.1.3 All unserviceable articles shall be:

- (i) Condemned or otherwise disposed of by an employee authorised for that purpose by the Chief Finance Officer;
- (ii) Recorded by the Head of Financial Accounts in a form approved by the Chief Finance Officer 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 Chief Finance Officer.

15.1.4 The Head of Financial Accounts shall satisfy himself as to whether or not there is evidence of negligence in use and shall report any such evidence to the Chief Finance Officer who will take the appropriate action.

15.2 Losses and Special Payments

15.2.1 Procedures

The Chief Finance Officer must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments.

15.2.2 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 Chief Finance Officer or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Chief Finance Officer and/or Chief Executive. Where a criminal offence is suspected, the Chief Finance Officer must immediately inform the police if theft or arson is involved. In cases of fraud and corruption or of anomalies which may indicate fraud, bribery or corruption, the Director of Finance & Performance must inform the Trusts Local Counter Fraud Specialist and if appropriate the NHSCFA in accordance with the NHS Standards for Providers in Countering Fraud, Bribery and Corruption.

The Chief Finance Officer must notify the External Auditor of all frauds when an investigation has found evidence of any wrongdoing and/or a criminal offence.

15.2.3 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Chief Finance Officer must immediately notify:

- (i) The Board of Directors; and
- (ii) The External Auditor.

15.2.4 Within limits delegated to it by the DHSC, the Board of Directors shall approve the writing-off of losses.

15.2.5 The Chief Finance Officer shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.

- 15.2.6 The Chief Executive Officer, Chief Finance Officer and Deputy CEO and Chief of Nursing and Allied Health Professionals will consider if Ex Gratia payments are appropriate in circumstances where a claim has been made against the Trust or the Trust has identified that material damage or distress has been caused. The process for this is included as Appendix A.
- 15.2.7 For any loss, the Chief Finance Officer should consider whether any insurance claim can be made.
- 15.2.8 The Chief Finance Officer shall maintain a Losses and Special Payments Register in which write-off action is recorded.
- 15.2.9 No special payments exceeding delegated limits shall be made without the prior approval of the DHSC.
- 15.2.10 All losses and special payments must be reported to the Audit and Risk Committee at every meeting.

16. Information Technology (computerised financial data)

16.1 Responsibilities and Duties of the Director of Finance & Performance

- 16.1.1 The Chief Finance Officer, who is responsible for the accuracy and security of the computerised financial data of the Trust, shall:
- (i) Devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Trust's data, programs and computer hardware for which he is responsible from accidental or intentional disclosure to unauthorized persons, deletion or modification, theft or damage, having due regard for the General Data Protection Regulations;
 - (ii) 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;
 - (iii) Ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
 - (iv) Ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as he may consider necessary are being carried out.
 - (v) Ultimately ensure that the contract for any externally provided finance system is appropriately managed.
- 16.1.2 The Chief Finance Officer shall need to ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation.
- 16.1.3 The Chief Finance Officer shall publish and maintain a Freedom of Information (FOI) Publication Scheme or adopt a model Publication Scheme approved by the information Commissioner. A Publication Scheme is a complete guide to the information routinely published by a public authority. It describes the classes or types of information about our Trust that we make publicly available.

16.2 Contracts for Computer Services with Other Health Bodies or Outside Agencies

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

Where another health organisation or any other agency provides a computer service for financial applications, the Chief Finance Officer shall periodically seek assurances that adequate controls are in operation.

16.3 Responsibilities and duties of other Directors and senior employees in relation to computer systems of a general application

16.3.1 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 Infrastructure

- (i) Details of the outline design of the system;
- (ii) In the case of packages acquired either from a commercial organisation, from the NHS, or from another public sector organisation, the operational requirement.

16.4 Risk Assessment

The Chief Operating Officer Southampton and County Wide Services (and Executive lead for IT) via the Director of IT 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.

16.5 Requirements for Computer Systems which have an Impact on Corporate Financial Systems

Where computer systems have an impact on corporate financial systems the Chief Finance Officer shall need to be satisfied that:

- (i) Systems acquisition, development and maintenance are in line with corporate policies such as an Information Technology Strategy;
- (ii) Data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists;
- (iii) Chief Finance Officer staff have access to such data; and
- (iv) Such computer audit reviews as are considered necessary are being carried out.

17. Patient Property

17.1 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 patients or patients whose decision making capacity is impaired, or found in the possession of patients dying in hospital or dead on arrival.

17.2 The Chief Executive is responsible for ensuring that patients, their guardians or people with lasting power of attorney, as appropriate, are informed before or at admission by:

- (a) Notices and information booklets;

- (b) Hospital admission documentation and property records;
- (c) The oral advice of administrative and nursing staff responsible for admissions,

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.

- 17.3 Where DHSC instructions require the opening of separate accounts for patients' moneys, these shall be opened and operated under arrangements agreed by the Director of Finance & Performance.
- 17.4 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. Where there is no next of kin, estate issues will be referred to the Treasury Solicitor as stated in the Patients Property Policy.
- 17.5 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.
- 17.6 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.

18. Funds held on Trust

18.1 Corporate Trustee

- (i) The Standing Orders outline the Trust's responsibilities as a corporate trustee for the management of funds it holds on trust.
- (ii) The discharge of the Trust's corporate trustee responsibilities is 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.
- (iii) The Chief Finance Officer shall ensure that each trust fund which the Trust is responsible for managing is managed appropriately with regard to its purpose and to its requirements.

18.2 Accountability to Charity Commission and Secretary of State for Health

- (i) 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.
- (ii) 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. The Board of Directors must take account of that guidance before taking action.

18.3 Applicability of Standing Financial Instructions to Funds held on Trust

- (i) 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.
- (ii) 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.

19. Acceptance of gifts by staff and link to standards of business conduct

The Chief Finance Officer shall ensure that all staff are made aware of the Trust policy on acceptance of gifts and other benefits in kind by staff (details can be found within the Managing Conflicts of Interests Policy). This policy considers NHS England and Ministry of Justice guidance to mitigate the risk of criminal offences contrary to the Bribery Act 2010.

20. Retention of records

- 20.1 The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with DHSC guidelines.
- 20.2 The records held in archives shall be capable of retrieval by authorised persons.
- 20.3 Records held in accordance with latest DHSC guidance shall only be destroyed at the express instigation of the Chief Executive. Detail shall be maintained of records so destroyed.

21. Risk management and Insurance

21.1 Programme of risk management

The Chief Executive shall ensure that the Trust has a programme of risk management, in accordance with current DHSC assurance framework requirements, which must be approved and monitored by the Board of Directors.

The programme of risk management shall include:

- (i) A process for identifying and quantifying risks and potential liabilities;
- (ii) Engendering among all levels of staff a positive attitude towards the control of risk;
- (iii) 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;
- (iv) Contingency plans to offset the impact of adverse events;
- (v) Audit arrangements including; Internal Audit, clinical audit, health and safety review;
- (vi) A clear indication of which risks shall be insured;
- (vii) Arrangements to review the Risk Management programme.

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 (Annual

Governance Statement) within the Annual Report and Accounts as required by current DHSC guidance.

21.2 Insurance: Risk Pooling Schemes Administered by NHS Resolution (formally known as the NHS Litigation Authority)

The Board of Directors shall decide if the Trust will insure through the risk pooling schemes administered by NHS Resolution or self-insure for some or all of the risks covered by the risk pooling schemes. If the Board of Directors 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.

21.3 Insurance Arrangements with Commercial Insurers

21.3.1 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:

- (i) Trusts may enter commercial arrangements for insuring motor vehicles owned by the Trust including insuring third party liability arising from their use;
- (ii) 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
- (iii) Where the Trust is considering income generation activities, advice should be sought from the NHS Resolution and /or the Trust's commercial insurers regarding cover arrangements.

21.4 Arrangements to be followed by the Board of Directors in agreeing Insurance Cover

- (i) Where the Board of Directors decides to use the risk pooling schemes administered by NHS Resolution (formally known as the NHS Litigation Authority) the Chief Finance Officer shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Chief Finance Officer shall ensure that documented procedures cover these arrangements.
- (ii) Where the Board of Directors decides not to use the risk pooling schemes administered by NHS Resolution for one or other of the risks covered by the schemes, the Chief Finance Officer shall ensure that the Board of Directors is informed of the nature and extent of the risks that are self-insured as a result of this decision. The Chief Finance Officer 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.
- (iii) All the risk pooling schemes require Scheme members to make some contribution to the settlement of claims (the 'deductible'). The Chief Finance Officer should ensure documented procedures also cover the management of claims and payments below the deductible in each case.

Process for Ex Gratia Payments

