

STANDING FINANCIAL INSTRUCTIONS

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STANDING FINANCIAL INSTRUCTIONS

1. INTRODUCTION

1.1 General

1.1.1 These Standing Financial Instructions (SFIs) shall have effect as if incorporated in the Standing Orders (SOs) of the Trust.

1.1.2 These SFIs 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 Trust.

1.1.3 These SFIs identify the financial responsibilities which apply to everyone working for the Trust 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 Director of Finance & Commissioning.

1.1.4 Officers of the Trust should note that the Scheme of Delegation, SFIs and SOs, do not contain every legal obligation applicable to the Trust. The Trust and each officer of the Trust must comply with all requirements of legislation (which shall mean any statute subordinate or secondary legislation (which shall mean any statute, subordinate or secondary legislation, any enforceable community right within the meaning of Section 2(1) European Community Act 1972 and any applicable judgement of a relevant court of law which is a binding precedent in England) and all guidance and directions binding on the Trust. Legislation, guidance and directions will impose requirements additional to the Scheme of Delegation, SFIs and SOs. All such legislation and binding guidance and directions shall take precedence over the Scheme of Delegation, SFIs and SOs which shall be interpreted accordingly.

1.1.5 Should any difficulties arise regarding the interpretation or application of any of the SFIs, then the advice of the Director of Finance & Commissioning must be sought before acting. The user of these SFIs should also be familiar with and comply with the provisions of the Trust's SOs. Note in particular procedures for Tendering, Quotations and Contracts and the Schedule of Powers Reserved to the Board.

1.1.6 **The failure to comply with the Scheme of Delegation, SFIs and SOs can, in certain circumstances, be regarded as a disciplinary matter that could result in dismissal.**

1.1.7 **Overriding SFIs:** If, for any reason, these SFIs are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit Committee for referring action or ratification.

1.1.8 All members of the Board and staff have a duty to disclose any non-compliance with these SFIs to the Director of Finance & Commissioning as soon as possible.

1.2 Terminology

1.2.1 Any expression to which a meaning is given in Health Service Acts, or in Financial Directions made under the Acts, shall have the same meaning in these instructions; and

“Accountable Officer” means the Officer responsible and accountable for funds entrusted to the Trust. The Officer shall be responsible for ensuring the proper stewardship of public funds and assets. For this Trust it shall be the Chief Executive;

“Board” means the Board of Directors comprising of a Chair, officer and non-officer members of the Trust collectively as a body;

“Budget” means a resource, expressed in financial terms, and proposed by the Board for the purpose of carrying out, for a specific period, any or all of the functions of the Trust;

“Budget Holder” means the Director or employee with delegated authority to manage finances (income and expenditure) for a specific area of the organisation;

“Chair of the Board (or Trust)” is the person appointed by the Secretary of State for Health and Social Care to lead the Board and to ensure that it successfully discharges its overall responsibility for the Trust as a whole. The expression “the Chair of the Trust” shall be deemed to include the Vice-Chair of the Trust if the Chair is absent from the meeting or is otherwise unavailable;

“Chief Executive” means the Chief Officer/Accountable Officer of the Trust;

“Commissioning” means the process for determining the need for and for obtaining the supply of healthcare and related services by the Trust within available resources;

“Committee” means a committee or sub-committee created and appointed by the Trust;

“Committee members” means any persons formally appointed by the Board to sit on or to chair specific committees;

“Constitution” means the Constitution of the Trust and all annexes to it established in accordance with the NHS Act 2006 and the Health and Social Care Act 2012,

“Contracting and Procuring” means the systems for obtaining the supply of goods, materials, manufactured items, services, building and engineering services, works of construction and maintenance and for disposal of surplus and obsolete assets;

“Department of Health” means the Government department with overall responsibility for the NHS

“Director” means a person appointed as a director in accordance with the Membership and Procedure Regulations and includes the Chair;

“Director of Finance & Commissioning” means the Chief Financial Officer of the Trust;

“Funds held on trust” shall mean those funds, which the Trust holds at its date of incorporation, receives on distribution by statutory instrument or chooses subsequently to accept under powers derived under Part 11, Chapter 2 of the NHS Act 2006. Such funds may or may not be charitable;

“Legal Adviser” means the properly qualified person appointed by the Trust to provide legal advice;

“Member” means officer or non-officer member of the Board as the context permits. Member in relation to the Board does not include its Chair;

“Associate Member” means a person appointed to perform specific statutory and non-statutory duties which have been delegated by the Trust Board for them to perform and these duties have been recorded in an appropriate Trust Board minute or other suitable record.

“Membership, Procedure and Administration Arrangements Regulations” means NHS Membership and Procedure Regulations (SI 1990/2024) and subsequent amendments.

“Nominated Officer” means an officer charged with the responsibility for discharging specific tasks within Standing Orders and Standing Financial Instructions;

“Non-officer Member” means a member of the Trust who is not an officer of the Trust is not to be treated as an officer by virtue of regulation 1(3) of the Membership, Procedure and Administration Arrangements Regulations (i.e Non-Executive Director);

“Officer” means employee of the Trust or any other person holding a paid appointment or office within the Trust;

“Officer Member” means a member of the Trust who is either an officer of the Trust or is to be treated as an officer by virtue of regulation 1(3) (i.e. the Chair of the Trust, Non-Executive Director or any person nominated by such a Committee for appointment as a Trust member);

“Senior Independent Director” means the senior independent director from time to time appointed in accordance with paragraph 24 of the Trust’s draft NHS Constitution.

“SFIs” means Standing Financial Instructions;

“SOs” means Standing Orders;

“The 2006 Act” means the National Health Service Act 2006;

“The 2012 Act” means the Health and Social Care Act 2012;

“Trust” means the East of England Ambulance Service NHS Trust;

“Trust Secretary” means a person appointed to act independently of the Board to provide advice on corporate governance issues to the Board and the Chair and the Members’ Council and to monitor the Trust’s compliance with the law, Standing Orders and Department of Health guidance;

“Vice-Chair” means the non-officer member appointed by the Board to take on the Chair’s duties if the Chair is absent for any reason.

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

1.2.3 Wherever the term “employee” is used and where the context permits, it shall be deemed to include employees of third parties contracted to the Trust when acting on behalf of the Trust.

1.3 Responsibilities and Delegation

1.3.1 The Board of Directors

The Board exercises financial supervision and control by:

- (a) Formulating the financial strategy;
- (b) Requiring the submission and approval of budgets within approved income;
- (c) Defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money);
- (d) Defining specific responsibilities placed on members of the Board and employees as directed in the Scheme of Delegation document.

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

1.3.3 The Chief Executive and Director of Finance & Commissioning

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

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

1.3.4 It is a duty of the Chief Executive to ensure that Members of the Board, and employees and all new appointees, are notified of and put in a position to understand their responsibilities within these Instructions.

1.3.5 The Director of Finance & Commissioning

The Director of Finance & Commissioning is responsible for:

- (a) Implementing the Trust’s financial policies and for coordinating any corrective action necessary to further these policies;

- (b) Maintaining an effective system of internal financial control, including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;
- (c) Ensuring that sufficient records are maintained to show and explain the Trust's transactions, in order to disclose, with reasonable accuracy, the financial position of the Trust at any time;

and, without prejudice to any other functions of the Trust, and employees of the Trust, the duties of the Director of Finance & Commissioning include:

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

1.3.6 *Board of Directors and Employees*

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

- (a) The security of the property of the Trust;
- (b) Avoiding loss;
- (c) Exercising economy and efficiency in the use of resources;
- (d) Conforming to the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation.

1.3.7 *Contractors and their Employees*

Any contractor or employee of a contractor who is empowered by the Trust to commit the Trust to expenditure or who is authorised to obtain income shall be covered by these instructions. It is the responsibility of the Chief Executive to ensure that such persons are made aware of this.

1.3.8 For all members of the Board 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 Director of Finance & Commissioning.

2. AUDIT

2.1 Audit Committee

2.1.1 In accordance with Standing Orders, the Board shall formally establish an Audit Committee, comprising of Non-Executive Directors to perform such monitoring, reviewing and other functions that are appropriate. These will be clearly defined in the terms of reference and following the good practice guidance set out in the NHS Audit Committee Handbook. The Committee will provide an independent and objective view of internal control by:

- (a) Overseeing Internal and External Audit services;

- (b) Reviewing financial and information systems, monitoring the integrity of the financial statements and reviewing any significant financial reporting judgements;
- (c) Review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives;
- (d) Monitoring compliance with Standing Orders and Standing Financial Instructions;
- (e) Reviewing schedules of losses and compensations and making recommendations to the Board;
- (f) Reviewing the arrangements in place to support the Assurance Framework process prepared on behalf of the Board and advising the Board accordingly.

2.1.2 Where the Audit 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 Chair of the Audit Committee should raise the matter at a full meeting of the Board. Exceptionally, the matter may need to be referred to the Department of Health. (To the Director of Finance & Commissioning in the first instance).

2.1.3 It is the responsibility of the Director of Finance & Commissioning to ensure an adequate Internal Audit service is provided and the Audit Committee shall be involved in the selection process when/if an Internal Audit service provider is changed.

2.2 Director of Finance & Commissioning

2.2.1 The Director of Finance & Commissioning is responsible for:

- (a) 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;
- (b) Ensuring that the internal audit function is adequate and meets the NHS mandatory audit standards;
- (c) Deciding at what stage to involve the Police in cases of misappropriation and other irregularities not involving fraud or corruption in accordance with the Trust's Counter Fraud and Security Policy and Procedure.
- (d) Ensuring that an annual internal audit report is prepared for consideration of the Audit Committee (and the Board). The report must cover:
 - (i) a clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the Department of Health including for example compliance with control criteria and standards;
 - (ii) major internal financial control weaknesses discovered;
 - (iii) progress on the implementation of internal audit recommendations;
 - (iv) progress against plan over the previous year;
 - (v) strategic audit plan covering the coming three years;
 - (vi) a detailed plan for the coming year.

- 2.2.2 The Director of Finance & Commissioning or designated auditors are entitled without necessarily giving prior notice to require and receive:
- (a) Access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
 - (b) Access at all reasonable times to any Trust land and premises or to members of the Board or employee of the Trust;
 - (c) The production of any cash, stores or other property of the Trust under a member of the Board and an employee's control; and
 - (d) Explanations concerning any matter under investigation.

2.3 Role of Internal Audit

- 2.3.1 Internal Audit will review, appraise and report upon:
- (a) The extent of compliance with and the financial effect of relevant established policies, plans and procedures;
 - (b) The adequacy and application of financial and other related management controls;
 - (c) The suitability of financial and other related management data.
 - (d) The extent to which the Trust's assets and interests are accounted for and safeguarded from loss of any kind arising from:
 - (i) fraud and other offences;
 - (ii) waste, extravagance, inefficient administration;
 - (iii) poor value for money or other causes.
 - (e) Internal Audit shall also independently verify the Assurance Statements in accordance with guidance from the Department of Health.
- 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 Director of Finance & Commissioning must be notified immediately.
- 2.3.3 The Head of Internal Audit will normally attend Audit Committee meetings and has a right of access to all Audit Committee members, the Chair and Chief Executive of the Trust.
- 2.3.4 Internal audit primarily provides an independent and objective opinion to the Accountable Officer, the Board and the Audit Committee on risk management, control and governance, by measuring and evaluating their effectiveness in achieving the organisation's agreed objectives. In addition, internal audit's findings and recommendations are beneficial to line management in the audited areas. Risk management, control and governance comprise the policies, procedures and operations established to ensure the achievement of objectives, the appropriate assessment of risk, the reliability of internal and external reporting and accountability processes, compliance with applicable laws and regulations, and compliance with the behavioural and ethical standards set for the organisation.
- 2.3.5 Internal audit also provides an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance. The service applies the professional skills

of internal audit through a systematic and disciplined evaluation of the policies, procedures and operations that management put in place to ensure the achievement of the organisation's objectives, and through recommendations for improvement. Such consultancy work contributes to the opinion which internal audit provides on risk management, control and governance.

2.3.6 The Head of Internal Audit shall be accountable to the Director of Finance & Commissioning. The reporting system for internal audit shall be agreed between the Director of Finance & Commissioning, the Audit 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. The reporting system shall be reviewed at least every three years.

2.3.7 Internal auditors must have an impartial, unbiased attitude and avoid any conflict of interest. Steps must be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in performing the audit role. All internal auditors working within the NHS must complete an annual declaration of interest identifying possible conflicts of interest and the actions taken to mitigate them. This process, and its outcomes, should be communicated to the Audit Committee annually.

2.3.8 An assessment of the performance of the internal audit provider [against Public Sector Internal Audit Standards](#) must be conducted at least once every five years by a qualified, independent reviewer and reported to the Audit Committee

2.3.9 The Head of Internal Audit should make provision for the results of external quality reviews to be reported to the Accountable Officer and Audit Committee. Any consequent improvement plans should be agreed with, and reported to, the Accountable Officer.

2.4 External Audit

2.4.1 The External Auditor is appointed by the Trust Board, following a recommendation by the Trust's Audit Panel and is paid for by the Trust. The Audit Committee must ensure a cost-efficient service. If there are any problems relating to the service provided by the External Auditor, then this should be raised with the External Auditor and referred on to the Audit Panel if the issue cannot be resolved.

2.4.2 Before engaging the auditor for additional services, the Trust's *Provision of Additional Services by the Auditor* procedure should be followed. Before engaging the auditor for additional services, outside the scope of the audit this will be reported to the Audit Committee for approval, or if timing precludes this, then it will be agreed jointly by the Chair of the Audit Committee and the Director of Finance & Commissioning and reported to the next Audit committee meeting.

2.5 Anti-Bribery, Fraud and Corruption

2.5.1 In line with their responsibilities, the Trust Chief Executive and Director of Finance and Commissioning shall monitor and ensure compliance with the anti-fraud and bribery clauses in the NHS Standard Contract. The anti-fraud and bribery clauses are set out in Service Conditions 24 of the contract and place obligations on providers of NHS services.

2.5.2 The Trust shall nominate a suitable person to carry out the duties of the Counter Fraud Specialist as specified by the NHS Anti-Fraud Manual.

- 2.5.3 The Counter Fraud Specialist shall report to the Trust Director of Finance and Commissioning and shall work with staff in the NHS Counter Fraud Authority in accordance with the NHS Anti-Fraud Manual.
- 2.5.4 The Counter Fraud Specialist will provide a written report, at least annually, on anti-fraud and bribery work within the Trust.

2.6 Security Management

- 2.6.1 In line with their responsibilities, the Trust's Chief Executive will monitor and ensure compliance with Directions issued in the Standard National Contract regarding the Standards for Providers relating to security management.
- 2.6.2 The Trust shall nominate a suitable person to carry out the duties of the Local Security Management Specialist (LSMS) as specified in the Standard National Contract on NHS security management.
- 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. FORWARD PLANS, BUDGETS, BUDGETARY CONTROL AND MONITORING

3.1 Preparation and Approval of Forward Plans and Budgets

- 3.1.1 The Chief Executive will compile and submit to the Board a forward plan which takes into account financial targets and forecast limits of available resources. Each forward plan will include information about:
- (a) The activities other than the provision of goods and services for the purposes of the health service in England that the Trust proposes to carry on and the income it expects to receive doing so.
 - (b) A statement of the significant assumptions on which the plan is based;
 - (c) Details of major changes in workload, delivery of services or resources required to achieve the plan; and
 - (d) All requirements defined within Department of Health guidance.
- 3.1.2 Prior to the start of the financial year the Director of Finance & Commissioning will, on behalf of the Chief Executive, prepare and submit budgets for approval by the Board. Such budgets will:
- (a) Be in accordance with the aims and objectives set out in the Forward Plan;
 - (b) Accord with workload and workforce plans;
 - (c) Be produced following discussion with appropriate budget holders;
 - (d) Be prepared within the limits of available funds;
 - (e) Identify potential risks.

- 3.1.3 The Director of Finance & Commissioning shall monitor financial performance against budget and plan, periodically review them, and report to the Board.
- 3.1.4 All budget holders must provide information as required by the Director of Finance & Commissioning to enable budgets to be compiled.
- 3.1.5 All budget holders will sign up to their allocated budgets at the commencement of each financial year.
- 3.1.6 The Director of Finance & Commissioning has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage their budgets successfully.

3.2 Budgetary Delegation

- 3.2.1 The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:
 - (a) the amount of the budget;
 - (b) the purpose(s) of each budget heading;
 - (c) individual and group responsibilities;
 - (d) authority to exercise virement;
 - (e) achievement of planned levels of service;
 - (f) the financial monitoring timetable.
- 3.2.2 The Chief Executive and delegated budget holders must not exceed the budgetary total or virement limits set by the Board.
- 3.2.3 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.
- 3.2.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the Director of Finance & Commissioning.

3.3 Budgetary Control and Reporting

- 3.3.1 The Director of Finance & Commissioning will devise and maintain systems of budgetary control. These will include:
 - (a) Financial reports to the Board in a form approved by the Board containing:
 - (i) income and expenditure to date showing trends and forecast year-end position;
 - (ii) movements in working capital;
 - (iii) movements in cash and capital;
 - (iv) capital project spend and projected outturn against plan;
 - (v) explanations of any material variances from plan; and
 - (vi) details of any corrective action where necessary and the Chief Executive's and/or Director of Finance & Commissioning's view of whether such actions are sufficient to correct the situation.
 - (b) The issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;

- (c) Investigation and reporting of variances from financial, workload and workforce budgets;
- (d) Monitoring of management action to correct variances; and
- (e) Arrangements for the authorisation of budget transfers.

3.3.2 Each budget holder is responsible for ensuring that:

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

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

3.4 Capital Expenditure

The general rules applying to delegation and reporting shall also apply to capital expenditure. (The particular applications relating to capital are contained in SFI 12.)

3.5 Financial Reporting Returns

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

4. ACCOUNTS AND REPORTS

4.1 The Director of Finance & Commissioning, on behalf of the Trust, will:

- (a) Prepare financial returns in accordance with the accounting policies and guidance given by the Department of Health and the Treasury, the Trust's accounting policies, and generally accepted accounting practice;
- (b) Prepare and submit annual financial reports to the Department of Health certified in accordance with current guidelines;
- (c) Submit financial returns to the Department of Health for each financial year in accordance with the timetable prescribed by the Department of Health.

4.2 The Trust's annual accounts must be audited by an auditor appointed by the Trust's Board. 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's Manual for Accounts.

5. BANK AND TREASURY MANAGEMENT POLICY

5.1 General

- 5.1.1 The Director of Finance & Commissioning is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of accounts. This advice will take into account guidance/directions issued from time to time by the Department of Health. The Trust will operate in line with its Treasury Management Policy.

- 5.1.2 The Board shall approve the banking arrangements.

5.2 Bank and Government Bank Accounts

- 5.2.1 The Director of Finance & Commissioning is responsible for:

- (a) Bank accounts and Government Bank accounts;
- (b) Establishing separate bank accounts for the Trust's non-exchequer funds;
- (c) Ensuring payments made from bank or Government Bank accounts do not exceed the amount credited to the account except where arrangements have been made;
- (d) Reporting to the Board all arrangements made with the Trust's bankers for accounts to be overdrawn;
- (e) Monitoring compliance with DH guidance on the level of cleared funds.

5.3 Banking Procedures

- 5.3.1 The Director of Finance & Commissioning will prepare detailed instructions on the operation of bank and Government Bank accounts which must include:

- (a) The conditions under which each bank and Government Bank account is to be operated;
- (b) Those authorised to sign cheques or other orders drawn on the Trust's accounts in accordance with the limits set out in the Scheme of Delegation;
- (c) The limit to be applied to any overdraft.

- 5.3.2 The Director of Finance & Commissioning must advise the Trust's bankers in writing of the conditions under which each account will be operated. All funds shall be held in accounts in the name of the Trust. No officer other than the Director of Finance & Commissioning shall open any bank account in the name of the Trust.

- 5.3.3 The Director of Finance & Commissioning shall advise the bankers of any alterations in the conditions of operation of accounts that may be required by financial regulations of the Health Service or by resolution of the Board as may be necessary from time to time.

- 5.3.4 Cheques or other orders drawn upon the main exchequer bank account with a value of less than £5,000 shall be signed by a panel of first officers, nominated by the Board by specific resolution in accordance with the Scheme of Delegation;
- 5.3.5 Cheques or other orders drawn upon the main exchequer bank account with a value of £5,000 or more shall be signed by two people: one from the first officer panel and the second from the second officer panel, also nominated by the Board by specific resolution in accordance with the Scheme of Delegation.
- 5.3.6 Cheques or other orders drawn upon the main charitable fund bank account with a value of less than £5,000 shall be signed by two persons from a panel of first officers, and over £5,000 by two signatures, one from the first officer panel and the other from the second officer panel nominated by the Board.
- 5.3.7 The Director of Finance & Commissioning shall notify the bankers in writing of any officer or officers nominated to authorise the payment of money from any subsidiary bank account. The bankers shall be notified promptly of the cancellation of any such authorisation. Payments drawn on subsidiary bank accounts shall be authorised as follows:
- (a) by the use of cheques with a handwritten signature where the security procedures have been approved by the Audit Committee;
 - (b) all cheques shall bear a second manual signature if over the value of £5,000.
 - (c) in the preparation of manual cheques, the Director of Finance & Commissioning may use a mechanical means of printing in figures the amount to be paid in place of the amount in words;
 - (d) the Director of Finance & Commissioning may, in place of his/her handwritten signature, use a facsimile signature applied to cheques by mechanical means.
- 5.3.8 All cheques will be treated as controlled stationery and securely stored in the charge of a duly designated officer controlling their issue.
- 5.3.9 The Director of Finance & Commissioning may enter into a formal agreement with other bodies for payments to be made on behalf of the Trust from bank accounts maintained in the name of such other bodies or by electronic funds transfer, i.e. BACS. Where such an agreement is entered into, the Director of Finance & Commissioning shall ensure that the security arrangements of such other bodies relating to the bank accounts in question are adequate.

5.4 Tendering and Review

- 5.4.1 The Director of Finance & Commissioning will review the commercial banking arrangements of the Trust at regular intervals to ensure they reflect best practice and represent best value for money by periodically seeking competitive tenders for the Trust's commercial banking business.
- 5.4.2 Competitive tenders should be sought at least every five years. The results of the tendering exercise should be reported to the Board.

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

6.1 Income Systems

6.1.1 The Director of Finance & Commissioning 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 Director of Finance & Commissioning is also responsible for the prompt banking of all monies received.

6.2 Fees and Charges

6.2.1 The Trust shall follow the Department of Health's guide and advice in regard to the application of Payment by Results (PbR) and the National Tariff

6.2.2 The Director of Finance & Commissioning is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health or by Statute. Independent professional advice on matters of valuation shall be taken as necessary. Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered the guidance in the Department of Health's Commercial Sponsorship – Ethical standards in the NHS shall be followed.

6.2.3 All employees must inform the Director of Finance & Commissioning 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 Director of Finance & Commissioning 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.

6.4 Security of Cash, Cheques and Other Negotiable Instruments

6.4.1 The Director of Finance & Commissioning is responsible for:

- (a) Approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable;
- (b) Ordering and securely controlling any such stationery;
- (c) The provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys and for coin operated machines;
- (d) Prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust.

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 Director of Finance & Commissioning.

6.4.4 The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Trust is not to be held liable for any loss and written indemnities must be obtained from the organisation or individuals absolving the Trust from responsibility for any loss.

6.5 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017

Under no circumstances will the Trust accept cash payments in excess of €15,000 (approximately £10,000) in respect of any single transaction. Any attempts by an individual to effect payment above this amount should be notified immediately to the Director of Finance & Commissioning.

7. TENDERING AND CONTRACTING REGULATIONS

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 Standing Orders and Standing Financial Instructions (except where Standing Order No.4.13 Suspension of Standing Orders, is applied).

7.2 Legislation and Guidance Covering Public Procurement

The Trust shall comply with the Public Contracts Regulations 2015 and any relevant EU Directives and all requirements binding on the Trust derived from the EU Treaty relating to procurement by the Trust relating to the processes to be applied when awarding all forms of contract. Such legislation shall be incorporated into the Board's Standing Orders and SFIs.

7.3 E-Auctions

The Trust does not presently conduct E-auction activity.

7.4 Capital Investment (See overlap with SFI No. 12)

The Trust shall comply as far as is practicable with the requirements of the Department of Health "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 Department of Health guidance "The Procurement and Management of Consultants within the NHS".

7.5 Formal Competitive Tendering

7.5.1 General Applicability

Subject to SFI 7.5.3 the Trust shall ensure that competitive tenders are invited for:

- the supply of goods, materials and manufactured articles;
- the provision of services including all forms of management consultancy services (other than specialised services sought from or provided by the Department of Health);

- the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens); and
- disposal of any tangible or intangible property (including equipment and intellectual property).

7.5.2 Light Touch Regime for the Purposes of Public Contracts Regulations 2015

Where the Trust has a requirement to procure health, education or transport services, etc (classified as Part B services for the purposes of the Public Contracts Regulations 2006) (whether by way of sub-contract or otherwise) the Trust shall consider its duties under the EU Treaty and whether such service requirement should be advertised.

Where the Trust considers that the circumstances require it to advertise for the supply of healthcare services (and/or other services classed as Part B services for the purposes of the Public Contracts Regulations 2006) the Standing Orders and SFIs shall apply as far as they are applicable to the tendering procedure although at all times the Trust should consider its duties under SFI paragraph 7.2 above.

7.5.3 Exceptions and Instances where Formal Tendering need not be applied

Formal tendering procedures **need not be applied** where:

- (a) The estimated expenditure or income does not, or is not reasonably expected to, exceed the financial limits defined with the Scheme of Delegation.
- (b) The supply can be obtained under a framework agreement that has itself been procured in compliance with the duties set out at SFI 7.2 above, and where the Trust is entitled to access such a framework agreement.
- (c) Regarding disposals as set out in SFI No. 15.

Subject to the duties at SFI paragraph 7.2 above (and to obtaining appropriate advice from the Trust's Procurement Department and where it considers necessary external professional advice); formal tendering procedures **may be waived** in the following circumstances:

- (d) In very exceptional circumstances where the Chief Executive decides that formal 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 formal tender waiver report in accordance with the Scheme of Delegation;
- (e) Where the requirement is covered by an existing contract (e.g. NHS Supply Chain and Crown Commercial Services);
- (f) Where a consortium arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the consortium members, including the Trust;
- (g) Where the timescale genuinely precludes competitive tendering but failure to plan the work properly would not be regarded as a justification for a tender waiver/single tender;
- (h) Where specialist expertise is required and can be demonstrated to be available from only one source then single tender action approval should be requested;

- (i) When the requirement is essential to complete a project, and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate;
- (j) Where there is a clear benefit to be gained from maintaining continuity with an earlier project. However, in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering;
- (k) 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 Director of Finance & Commissioning will ensure that any fees paid are reasonable and within commonly accepted rates for the costing of such work;

- (l) 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 Committee at each meeting.

7.5.4 Fair, Transparent and Adequate Competition

Where the exceptions set out in SFIs 7.1 and 7.5.3 apply, the Trust shall ensure that invitations to tender, whether regulated by the Public Contracts Regulations 2015 or not that the tender process adopted is fair and transparent and is considered in a fair and transparent manner. Where a tender process is conducted, the Trust shall, in order to ensure best value is obtained, invite tenders from a sufficient number of firms/individuals to provide fair and adequate competition, and in no case less than two firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the service or works required.

7.5.5 List of Approved Firms (Estates Contractors and Other Areas Deemed Appropriate)

Where the Trust is satisfied under its duties at SFI 7.2 above that an open tender process is not necessary, the Trust shall ensure that the firms/individuals invited to tender (and, where appropriate, quote) are among those on approved lists for estates contractors and other areas deemed appropriate). Where, in the opinion of the Director of Finance & Commissioning, 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 SFI 7.6.8 List of Approved Firms).

7.5.6 Building and Engineering Construction Works

Competitive 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 SFI for which formal 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 the Trust's Tender Register. No award shall be made for breach of the OJEU limit; any such breach will require an OJEU exercise to be conducted.

7.6 Contracting/Tendering Procedure

7.6.1 Invitation to Tender

- (a) Where tenders are not conducted using the eProcurement system, all invitations to tender shall state that no tender will be accepted unless:
 - (i) Submitted in a plain sealed package or envelope bearing a pre-printed label supplied by the Trust (or the word "tender" followed by the subject to which it relates and its unique tender reference number) and the latest date and time for the receipt of such tender addressed to the Procurement Department;
 - (ii) Tender envelopes/packages shall not bear any names or marks indicating the sender. The use of courier/postal services must not identify the sender on the envelope or on any receipt so required by the deliverer.
- (b) Every tender for goods, materials, services or disposals shall contain and comprise appropriate terms and conditions regulating the conduct of the tender and shall contain appropriate terms and conditions on which the contract is to be awarded and shall be substantively based to regulate the provision of the goods, materials, services to be provided or in relation to the disposal.
- (c) Every tender for building or engineering works (except for maintenance work, when Concode guidance shall be followed) shall contain terms and conditions on which the contract to be awarded shall be substantively based and shall embody or be in the terms of the current edition of a suitable and recognised industry form of contract including but not limited to one of the Joint Contracts Tribunal Standard Forms of Building Contract or the NEC Standard Forms of Contract or Department of the Environment (GC/Wks) Standard Forms of Contract; or, when the content of the work is primarily engineering, the General Conditions of Contract recommended by the Institution of Mechanical and Electrical Engineers and the Association of Consulting Engineers (Form A), or (in the case of civil engineering work) the General Conditions of Contract recommended by the Institute of Civil Engineers, the Association of Consulting Engineers and the Federation of Civil Engineering Contractors. These documents shall be modified and/or amplified to accord with Department of Health guidance and (in minor respects only), to cover special features of individual projects.

7.6.2 Receipt and Safe Custody of Tenders

Where tenders are not conducted electronically, the Chief Executive or his nominated officer 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 endorsed on the tender envelope/package.

7.6.3 Opening Tenders and Register of Tenders

- (a) As soon as practicable after the date and time stated as being the last time for the receipt of tenders where the eProcurement system has not been used, they shall be opened as determined by the Director of Finance & Commissioning. For tenders that have been undertaken on the eProcurement system, the Director of Finance & Commissioning is responsible for granting access to the system in order that tender submissions can be reviewed.
- (b) The “originating” department will be taken to mean the department sponsoring or commissioning the tender.
- (c) The involvement of Finance Directorate staff in the preparation of a tender proposal will not preclude the Director of Finance & Commissioning or any approved senior manager from the Finance Directorate from serving as one of the two Officers to open tenders.
- (d) Every tender received shall be marked with the date of opening and initialled by those present at the opening.
- (e) A record shall be maintained by the Chief Executive, or a person authorised by him, to show for each set of competitive tender invitations despatched:
 - the name of all individual firms invited;
 - the names of individual firms from which tenders have been received;
 - the date the tenders were opened;
 - the persons present at the opening;
 - the price shown on each tender;
 - a note where price alterations have been made on the tender.

This register shall be signed by those present.

A note shall be made in the record if any one tender price has had so many alterations that it cannot be easily read or understood.

- (f) 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. (SFI paragraph 7.6.5 below)

7.6.4 Admissibility of Tenders

- (a) If, for any reason, the designated officers are of the opinion that the tenders received are not strictly competitive (for example, because their numbers are insufficient or any are amended, incomplete or qualified), no contract shall be awarded without the approval of the Chief Executive.
- (b) Where only one tender is sought and/or received, the Chief Executive and Director of Finance & Commissioning shall, as far as practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for the Trust.

7.6.5 Late Tenders

- (a) Tenders received after the due time and date, but prior to the opening of the other tenders, may be considered only if the Chief Executive or his

nominated officer decides that there are exceptional circumstances, i.e., despatched in good time but delayed through no fault of the tenderer.

- (b) Only in the most exceptional circumstances will a tender be considered which is received after the opening of the other tenders and only then if the tenders that have been duly opened have not left the custody of the Chief Executive or his nominated officer or if the process of evaluation and adjudication has not started.
- (c) While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential, recorded, and held in safe custody by the Chief Executive or his nominated officer.

7.6.6 Acceptance of Formal Tenders

- (a) Any discussions with a tenderer which are deemed necessary to clarify technical aspects of his tender before the award of a contract will not disqualify the tender.
- (b) The lowest tender, if payment is to be made by the Trust, or the highest, if payment is to be received by the Trust, shall be accepted unless there are good and sufficient reasons to the contrary. Such reasons 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:

- (i) experience and qualifications of team members;
- (ii) understanding of client's needs;
- (iii) feasibility and credibility of proposed approach;
- (iv) 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.

- (c) 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.
- (d) The use of these procedures must demonstrate that the award of the contract was:
 - (i) not in excess of the going market rate/price current at the time the contract was awarded;
 - (ii) that best value for money was achieved.
- (e) All tenders should be treated as confidential and should be retained for inspection.
- (f) Where examination of tenders reveals errors which would affect the tender figure, the tenderer is to be given details of such errors and afforded the opportunity of confirming or withdrawing his offer.
- (g) Where the form of contract included a fluctuation clause all applications for price variations must be submitted in writing by the tenderer and shall be approved by the Chief Executive or nominated officer.

- (h) The Director of Finance & Commissioning shall ensure that any post-tender negotiations are conducted before a witness, with the newly negotiated prices being properly recorded.

7.6.7 Tender Reports to the Trust Board

Approval of contracts to be awarded, with a maximum 3 year initial contract term with an average annual contract term cost of £1m will be reserved by the Trust Board.

Approval of contracts to be awarded, that have a contract term greater than 3 years and a total contract value in excess of £3m will be reserved by the Trust Board.

7.6.8 Lists of Approved Firms (Estates Contractors and Other Areas Deemed Appropriate)

(a) Responsibility for Maintaining List

- (i) A manager or external contractor nominated by the Chief Executive shall on behalf of the Trust maintain lists of approved firms from which tenders and quotations may be invited. Where such an approved list is used it must be kept under frequent review. The lists shall include all firms who have applied for permission to tender and as to whose technical competence and financial stability the Trust is satisfied.
- (ii) All suppliers must be made aware of the Trust's Terms and Conditions of Contract.
- (iii) Where a firm is included on an approved list of tenderers, the Trust shall, as a condition for inclusion, ensure that it is satisfied that when engaging, training, promoting or dismissing employees or in any conditions of employment, that such firm shall not unlawfully discriminate on the grounds of the protected characteristics of: age, disability, gender reassignment, race, religion/belief, gender, sexual orientation, marriage/civil partnership, pregnancy/maternity. The Trust will not tolerate unfair discrimination on the basis of spent criminal convictions, Trade Union membership or non-membership. In addition, the Trust will have due regard to advancing equality of opportunity between people from different groups and foster good relations between people from different groups and will comply with all relevant legislation including but not limited to, the Equality Act 2010 and any amending and/or related legislation or binding guidance.
- (iv) Where a firm is included on an approved list of tenderers the Trust shall ensure that it is satisfied that such firm conforms with the requirements of the Health and Safety at Work Act 1974, the Regulatory Reform (Fire Safety) Order and any amending and/or other related legislation concerned with fire, 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. As part of any process to identify or review firms for an approved list, firms must provide to the appropriate manager a copy of its health and safety policy, risk assessments, safe systems at work, together with any licences for other statutory authorities or

approvals and evidence of the safety of plant and equipment, when requested.

(b) Building and Engineering Construction Works

Where permitted under SFI paragraph 7.5.5 above, invitations to tender shall be made only to firms included on the approved list of tenderers compiled in accordance with this paragraph 7.6.8, or on the separate maintenance list compiled by an accredited body certified as such by the Director of Finance & Commissioning or a list compiled in accordance with Concode guidance.

(c) Financial Standing and Technical Competence of Contractors

The Director of Finance & Commissioning may make or institute any enquiries deemed appropriate concerning the financial standing and financial suitability of approved contractors. The Director with lead responsibility for clinical governance will similarly make such enquiries as is felt appropriate to be satisfied as to their technical/medical competence.

7.6.9 Exceptions to using Approved Contractors

If, in the opinion of the Chief Executive and the Director of Finance & Commissioning (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.

An appropriate record in the contract file should be made of the reasons for inviting a tender or quote other than that from an approved list.

7.7 Quotations

7.7.1 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 (inclusive of VAT).

7.7.2 Competitive Quotations (where the eProcurement system has not been used to obtain quotes)

- (a) Written quotations should be obtained from at least three [3] firms/individuals if contract value is between £20,000- £50,000 (inclusive of VAT) based on specifications or terms of reference prepared by, or on behalf of, the Trust. Below the value of £20,000 at least two [2] verbal/written quotations should be obtained following liaison with the Procurement Department, as set out in the Scheme of Delegation.
- (b) Quotations should be in writing, or be submitted using the eProcurement system unless the Chief Executive or his nominated officer determines that it is impractical to do so, in which case quotations may be obtained by

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

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

7.7.3 Quotations to be within Financial Limits

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

7.8 Authorisation of Tenders and Competitive Quotations

Providing all the conditions and circumstances set out in these Standing Financial Instructions have been fully complied with, awarding of a contract may be decided in accordance with the Trust's Scheme of Delegation.

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 Trust Board, this shall be recorded in its Minutes.

7.9 Instances where Formal Competitive Tendering or Competitive Quotation is not required

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

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

7.10 Private Finance for Capital Procurement (see overlap with SFI No. 12)

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

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

7.11 Compliance Requirements for All Contracts

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

- (a) The Trust's Standing Orders and Standing Financial Instructions;
- (b) EU Directives and other statutory provisions;
- (c) Any relevant directions including Concode and guidance on the Procurement and Management of Consultants.
- (d) Such of the NHS Standard Contract Conditions as are applicable.
- (e) Contracts with NHS Foundation Trusts must be in a form compliant with appropriate NHS guidance.
- (f) Where appropriate contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited.
- (g) In all contracts made by the Trust, the Board shall endeavour to obtain best value for money by use of all systems in place. The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Trust.
- (h) In all contracts made by the Trust, the Trust must comply with all applicable laws, regulations, codes and sanctions relating to anti-bribery and anti-corruption including but not limited to the Bribery Act 2010.
- (i) Cancellation of Contracts Except where specific provision is made in model Forms of Contracts or standard schedules of Conditions approved for use within the NHS and in accordance with Standing Orders 7.2 and 7.4, there shall be inserted in every written contract a clause empowering the Trust to cancel the Contract and to recover from the contractor the amount of any loss resulting from such cancellation, if the contractor shall have offered, or given or agreed to give, any person any gift or consideration of any kind as an inducement or reward for doing or forbearing to do or for having done or fordone to do any action in relation to the obtaining or execution of the contract or any other contract with the Trust, or for showing or forbearing to show favour or disfavour to any person in relation to the contracts or any other contract with the Trust, or is the like acts shall have been done by any person employed by him or acting on his behalf (whether with or without the knowledge of the contractor) or if in relation to any contract with the Trust the contractor or any person employed by him/her or acting on his/her behalf shall have

committed any offence under the Anti-Bribery Act 2010 or any other appropriate legislation.

- (j) Determination of Contracts for Failure to Deliver Goods or Material – There shall be inserted in every written contract for the supply of goods or materials a clause to secure that, should the contractor fail to deliver the goods or materials or any portion thereof within the time or times specified in the contract, the Trust may without prejudice determine the contract either wholly or to the extent of such default and purchase other goods, or material of similar description to make good (a) such default, or (b) in the event of the contract being wholly determined the goods or *materials* remaining to be delivered. The clause shall further secure that the amount by which the costs of so purchasing other goods and materials exceeds the amount which would have been payable to the contractor in respect of the goods or materials shall be recoverable from the contractor.

7.12 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.

7.13 Disposals

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

- (a) Any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or predetermined in a reserve) by the Chief Executive or his nominated officer.
- (b) Obsolete or condemned articles and stores, which may be disposed of in accordance with the procurement supplies policy of the Trust.
- (c) Items to be disposed of with an estimated sale value of less than £2,500, this figure to be reviewed on a periodic basis.
- (d) Items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract.
- (e) Land or buildings concerning which Department of Health 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 determines that in-house services should be subject to competitive tendering, the following groups shall be set up:

- (a) Specification group, comprising the Chief Executive or nominated officer/s and specialist;
- (b) In-house Tender Group, comprising a nominee of the Chief Executive and technical support.

- (c) Evaluation Team, comprising normally a specialist officer, a procurement officer and a Finance representative. For services having a likely annual expenditure exceeding £1m a Non-Executive director 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 following any benchmarking process or a market testing exercise carried out pursuant to SFI paragraph 7.2 above.

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 (see overlaps with SFI No. 17)

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. CONTRACTING FOR PROVISION OF SERVICES

8.1. The Board shall regularly review and shall at all times maintain and ensure the capacity and capability of the Trust to provide its mandatory goods and services referred to in its Statutory Instrument and related guidance.

8.2 The Chief Executive, as the Accountable Officer, is responsible for ensuring the Trust enters into suitable Contracts/Service Level Agreements (SLAs) with all commissioners for the provision of NHS services

8.3 The Trust Board will ensure that all Contracts/SLAs for the provision of its mandatory goods and services will comply with national guidance, particularly the principles detailed within the NHS Constitution, a 'Patient Led NHS and Practice Based Commissioning'.

8.4 All Contracts/SLAs should aim to implement the agreed priorities contained within the Annual 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:

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

8.5 Where the Trust enters into a relationship with another organisation for the supply or receipt of other services, clinical or non-clinical, the responsible officer should ensure that an appropriate contract is present and signed by both parties in accordance with the Scheme of Delegation.

- 8.6 All contracts shall comply with best practice and shall be so devised as to manage contractual risk, insofar as it is reasonably achievable in the circumstances of each contract, whilst optimising the Trust's opportunity to generate income.
- 8.7 All contracts with NHS Foundation Trusts shall be legally binding.
- 8.8 In carrying out these functions, the Chief Executive should take into account the advice of Directors regarding:
- (a) costing and pricing of services and/or goods;
 - (b) payment terms and conditions;
 - (c) billing systems and cash flow management;
 - (d) the contract negotiating process and timetable;
 - (e) the provision of contract data;
 - (f) contract monitoring arrangements;
 - (g) amendments to contracts; and
 - (h) any other matters relating to contracts of a legal or non-financial nature.
- 8.9 The Director of Finance & Commissioning shall produce regular reports detailing actual and forecast service activity income with a detailed assessment of the impact of the variable elements of income.

9. TERMS OF SERVICE AND PAYMENT OF DIRECTORS AND EMPLOYEES (INCLUDING GOVERNOR EXPENSES)

9.1 Remuneration and Terms of Service (see overlap with SO No.4)

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.

9.1.2 The Committee of Non-Executive Directors will:

- (a) advise the Board about appropriate remuneration and terms of service for the Chief Executive, other officer members employed by the Trust and other senior employees including:
 - (i) all aspects of salary (including any performance-related elements/bonuses);
 - (ii) provisions for other benefits, including pensions and cars;
 - (iii) arrangements for termination of employment and other contractual terms;
- (b) make such recommendations to the Board on the remuneration and terms of service of officer members of the Board (and other senior employees) to ensure they are fairly rewarded for their individual contribution to the Trust – having proper regard to the Trust's circumstances and performance and to the provisions of any national arrangements for such members and staff where appropriate;
- (c) monitor and evaluate the performance of individual officer members (and other senior employees);

- (d) advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.

9.1.3 The Committee shall report in writing to the Board the basis for its recommendations. The Board shall use the report as the basis for their decisions, but remain accountable for taking decisions on the remuneration and terms of service of officer members. Minutes of the Board's meetings should record such decisions.

9.1.4 The Board will approve proposals presented by the Chief Executive for any changes in the remuneration and conditions of service for those employees not covered by the Committee.

9.1.5 The Trust will pay allowances to the Chair and non-officer members of the Board in accordance with instructions issued by the Secretary of State for Health and Social Care.

9.2 Funded Establishment

9.2.1 The workforce plans agreed and incorporated within the annual budget will form the funded establishment of the Trust.

9.2.2 The funded establishment of any department may only be varied in accordance with the Scheme of Delegation.

9.3 Staff Appointments

9.3.1 No Director or employee may engage, re-engage or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration unless:

- (a) authorised to do so by the Chief Executive; and
- (b) within the limit of his approved budget and funded establishment.

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

9.4 Processing Payroll

9.4.1 The Director of Finance & Commissioning is responsible for arranging the provision of an appropriate payroll service. Together with the service provider, the Director of Finance & Commissioning is responsible for:

- (a) Specifying timetables for submission of properly authorised time records and other notifications;
- (b) The final determination of pay and allowances;
- (c) Making payment on agreed dates;
- (d) Agreeing method of payment.

9.4.2 Together with the service provider, the Director of Finance & Commissioning will issue instructions regarding:

- (a) Verification and documentation of data;

- (b) The timetable for receipt and preparation of payroll data and the payment of employees and allowances;
- (c) Maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
- (d) Security and confidentiality of payroll information;
- (e) Checks to be applied to completed payroll before and after payment;
- (f) Authority to release payroll data under the provisions of the Data Protection Act;
- (g) Methods of payment available to various categories of employee and officers;
- (h) Procedures for payment by cheque, bank credit, or cash to employees and officers;
- (i) Procedures for the recall of cheques and bank credits;
- (j) Pay advances and their recovery;
- (k) Maintenance of regular and independent reconciliation of pay control accounts;
- (l) Separation of duties of preparing records and handling cash;
- (m) 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.

9.4.3 Managers authorised under the Scheme of Delegation have delegated responsibility for:

- (a) Submitting time records and other notifications in accordance with agreed timetables;
- (b) Completing time records and other notifications in accordance with the Director of Finance & Commissioning's instructions and in the form prescribed by the Director of Finance & Commissioning;
- (c) 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 fulfil obligations in circumstances that suggest they have left without notice, the Human Resources Department must be informed immediately.

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

9.4.5 All employees have delegated responsibility for reviewing their own expenses and pay receipts, and must notify the payroll service provider of any over-payment.

9.5 Contracts of Employment

9.5.1 The Board shall delegate responsibility to an officer for:

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

10. NON-PAY EXPENDITURE

10.1 Delegation of Authority

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

10.1.2 The Chief Executive and Director of Finance & Commissioning will set out:

- (a) The list of managers who are authorised to place requisitions for the supply of goods and services;
- (b) 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 (See overlap with SFI 7)

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. In so doing, the advice of the Trust's adviser on supply shall be sought. Where this advice is not acceptable to the requisitioner, the Director of Finance & Commissioning (and/or the Chief Executive) shall be consulted.

10.2.2 System of Payment and Payment Verification

The Director of Finance & Commissioning 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 Director of Finance & Commissioning will:

- (a) Advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in Standing Orders and Standing Financial Instructions and regularly reviewed;
- (b) Prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds;
- (c) Be responsible for the prompt payment of all properly authorised accounts and claims;

- (d) Be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
- (i) a list of Board Directors and employees (including specimens of their signatures) authorised to certify invoices;
 - (ii) certification that:
 - goods have been duly received, examined and are in accordance with specification and the prices are correct;
 - work done or services provided have been satisfactorily carried out in accordance with the order and, where applicable, the materials used are of the requisite standard and the charges are correct;
 - in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality and price and the charges for the use of vehicles, plant and machinery have been examined;
 - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
 - the account is arithmetically correct;
 - the account is in order for payment.
 - (iii) a timetable and system for submission to the Director of Finance & Commissioning of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment.
 - (iv) instructions to employees regarding the handling and payment of accounts within the Finance Department.
- (e) 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 SFI No. 10.2.4 below.

10.2.4 Prepayments

Prepayments are only permitted where exceptional circumstances apply (e.g., payments made under normal trading arrangements for booking and pre-payment of course/conference fees, leasing and maintenance contracts and where Department of Health Guidance under Form 25 of Procure 21 for capital schemes applies). In such instances:

- (a) Prepayments are only permitted where the financial advantages outweigh the disadvantages
- (b) The appropriate officer must provide, in the form of a written report to the Director of Finance & Commissioning, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the Trust if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments;

- (c) The Director of Finance & Commissioning 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);
- (d) 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.

10.2.5 Official Orders

Official orders must:

- (a) Be consecutively numbered;
- (b) Be in a form approved by the Director of Finance & Commissioning;
- (c) State the Trust's terms and conditions of trade;
- (d) Only be issued to, and used by, those duly authorised by the Chief Executive.

10.2.6 Duties of Managers and Officers

Managers and officers must ensure that they comply fully with the guidance and limits specified by the Director of Finance & Commissioning and that:

- (a) All contracts, leases, tenancy agreements and other commitments which may result in a liability are reported formally to the Director of Finance & Commissioning in advance of any commitment being made;
- (b) Contracts above specified thresholds are advertised and awarded in accordance with European Union (EU) and General Agreements on Tariff and Trade (GATT) rules on public procurement and comply with legislation and government guidance on competitive procurement;
- (c) Where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health;
- (d) No order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to Directors or employees, other than:
 - (i) isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;
 - (ii) conventional hospitality, such as lunches in the course of working visits.
 - (iii) Any gifts or hospitality, the value of which exceeds the limits set out in the Trust's Scheme of Delegation, must be entered into the hospitality register.

(This provision needs to be read in conjunction with Standing Order No. 6 and the Trust's Standards of Business Conduct Policy in Respect of Interests, Gifts, Hospitality, Sponsorship, Advertising and Partnership Arrangements and the Anti-Bribery Policy).;

- (e) No requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Director of Finance & Commissioning on behalf of the Chief Executive;

- (f) All goods, services or works are ordered on an official order except works and services executed in accordance with a contract and purchases from petty cash/purchase cards;
- (g) 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”;
- (h) Orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- (i) Goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;
- (j) Changes to the list of employees and officers authorised to certify invoices are notified to the Director of Finance & Commissioning;
- (k) Purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance & Commissioning;
- (l) Petty cash records are maintained in a form as determined by the Director of Finance & Commissioning.

10.2.7 The Chief Executive and Director of Finance & Commissioning 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 Concode. The technical audit of these contracts shall be the responsibility of the relevant Director.

10.3 Joint Finance Arrangements with Local Authorities and Voluntary Bodies (see overlap with Standing Order No. 9.1)

Payments to local authorities and voluntary organisations made under the powers of section 78 of the NHS Act 2006 **shall** comply with procedures laid down by the Director of Finance & Commissioning which shall be in accordance with these Acts. (See overlap with Standing Order No. 9.1)

11. EXTERNAL BORROWING AND INVESTMENTS

11.1 External Borrowing

11.1.1 The Director of Finance & Commissioning will advise the Board concerning the Trust’s ability to pay interest on, and repay the Public Dividend Capital (PDC) and any loans or overdrafts within the limits set by the Department of Health. The Director of Finance & Commissioning is also responsible for reporting periodically to the Board concerning the PDC and all loans and overdrafts.

11.1.2 Any application for a loan or overdraft, or for additional PDC, will only be made by the Director of Finance & Commissioning or by an employee so delegated.

11.1.3 The Director of Finance & Commissioning must prepare procedural instructions concerning applications for loans, overdrafts or PDC.

11.1.4 All short-term borrowings should be kept to the minimum period possible, consistent with the overall cash flow position, represent good value for money, and comply with the latest guidance from the Department of Health. Any short

term borrowing requirement must be authorised by the Director of Finance & Commissioning. Short term borrowing has a maximum term of 6 months.

- 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 Director of Finance & Commissioning. The Board must be made aware of all short-term borrowings at the next Board meeting.
- 11.1.6 All long-term borrowing must be consistent with the plans outlined in the current Annual Plan and be approved by the Trust Board.

11.2 Investments

- 11.2.1 Temporary cash surpluses must be held only in such public or private sector investments as specified in the Trust's Treasury Management Policy and as notified by the Secretary of State and authorised by the Board.
- 11.2.2 The Director of Finance & Commissioning is responsible for advising the Board on investments and shall report periodically to the Board concerning the performance of investments held.
- 11.2.3 The Director of Finance & Commissioning will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.
- 11.2.4 The Trust must comply with all relevant guidance published on investment in force.

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

12.1 Capital Investment

- 12.1.1 The Board shall approve a programme of building, engineering and design schemes known as the capital programme, as part of the budgetary process. In addition, further list of such schemes known as the reserves list shall be provided for situations where additional monies or slippage on existing schemes etc., enable resources to become available to provide additional works. The Chief Executive shall approve the commencement of such reserve schemes as required.
- 12.1.2 Where a requirement for a capital scheme not already in the approved programme arises during the course of the year, approval for its commencement shall be in accordance with the Scheme of Delegation and a report shall be made to the next meeting of the Board, showing the impact of the new scheme on the capital programme and the revenue consequences.
- 12.1.3 The Chief Executive:
 - (a) Shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon business plans;
 - (b) Is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;

- (c) Is responsible for reporting to the Board any significant variation to planned capital schemes.

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

- (a) That a business case (in line with the guidance contained within Capital Investment Manual – <http://www.info.doh.gov.uk/doh/finman.hsf>) is produced setting out:
 - (i) An option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
 - (ii) The involvement of appropriate Trust personnel and external agencies;
 - (iii) Appropriate project management and control arrangements.
- (b) That the Director of Finance & Commissioning has certified professionally to the costs and revenue consequences detailed in the business case.

12.1.5 For capital schemes where the contracts stipulate staged payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of “Concode” and the Capital Investment Manual.

12.1.6 The Director of Finance & Commissioning shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with Her Majesty’s Revenue and Customs guidance.

12.1.7 The Director of Finance & Commissioning shall issue procedures governing the financial management, including variations to contract of capital investment projects and valuation for accounting purposes; and shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.

12.1.8 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 the scheme:

- (a) Specific authority to commit expenditure;
- (b) Authority to proceed to tender;
- (c) Approval to accept a successful tender in accordance with the Trust’s Tendering and Contracting Procedures.

(Officers must comply with SFI No. 7 – Tendering and Contracting Regulations)

The Chief Executive will issue a scheme of delegation for capital investment management in accordance with “Concode” guidance and the Trust’s Standing Orders.

12.2 Private Finance

12.2.1 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:

- (a) The Director of Finance & Commissioning shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector;

- (b) Where the sum involved exceeds delegated limits, the business case must be referred to the Department of Health or in line with any current guidelines;
- (c) The proposal must be specifically agreed by the Board.

12.3 Asset Registers

- 12.3.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Director of Finance & Commissioning 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.
- 12.3.2 The Trust shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be as specified in the *Capital Accounting Manual* as issued by the Department of Health.
- 12.3.3 Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:
 - (a) Properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
 - (b) Stores, requisitions and wages records for own materials and labour including appropriate overheads;
 - (c) Lease agreements in respect of assets held under a finance lease and capitalised.
- 12.3.4 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).
- 12.3.5 The Director of Finance & Commissioning shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 12.3.6 The process for revoking assets periodically must be approved by the Audit Committee and by the Board
- 12.3.7 The value of each asset shall be re-valued at appropriate periodic intervals and in accordance with the requirements specified in the *Capital Accounting Manual* issued by the Department of Health.
- 12.3.7 The value of each asset shall be depreciated using methods and rates as specified in the *Capital Accounting Manual* issued by the Department of Health.
- 12.3.8 The Director of Finance & Commissioning of the Trust shall calculate and pay capital charges as specified in the *Capital Accounting Manual* issued by the Department of Health.

12.4 Security of Assets

- 12.4.1 The overall control of fixed assets is the responsibility of the Chief Executive.

- 12.4.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Director of Finance & Commissioning. This procedure shall make provision for:
- (a) recording managerial responsibility for each asset;
 - (b) identification of additions and disposals;
 - (c) identification of all repairs and maintenance expenses;
 - (d) physical security of assets;
 - (e) periodic verification of the existence of, condition of and title to assets recorded;
 - (f) identification and reporting of all costs associated with the retention of an asset; and
 - (g) reporting, recording and safekeeping of cash, cheques and negotiable instruments.
- 12.4.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Director of Finance & Commissioning.
- 12.4.4 Whilst each employee and officer has a responsibility for the security of property of the Trust, it is the responsibility of Board members and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the Board. Any breach of agreed security practices must be reported in accordance with agreed procedures.
- 12.4.5 Any damage to the Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by Board members and employees in accordance with the procedure for reporting losses.
- 12.4.6 Where practical, assets should be marked as Trust property.
- 12.4.7 Trust assets must not be used for private purposes other than that associated with private healthcare. Agreement for such use must be given by the Chief Executive.

13. STORES AND RECEIPT OF GOODS

13.1 General Position

- 13.1.1 Stores, defined in terms of controlled stores and departmental stores (for immediate use) should be:
- (a) kept to a minimum;
 - (b) subjected to annual stock take;
 - (c) valued at the lower of cost and net realisable value;
 - (d) obsolete or excess stock shall be valued at net realisable value.

13.2 Control of Stores, Stocktaking, Condemnations and Disposal

- 13.2.1 Subject to the responsibility of the Director of Finance & Commissioning 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 Director of Finance & Commissioning. The control of any pharmaceutical

stocks shall be the responsibility of a designated Pharmaceutical Officer; the control of any fuel, oil and coal of a designated estates manager.

- 13.2.2 The responsibility for security arrangements and the custody of keys for any stores and locations shall be clearly defined in writing by the designated manager/Pharmaceutical Officer. Wherever practicable, stocks should be marked as health service property.
- 13.2.3 The Director of Finance & Commissioning shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.
- 13.2.4 Stocktaking arrangements shall be agreed with the Director of Finance & Commissioning and there shall be a physical check covering all items in store at least once a year.
- 13.2.5 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Director of Finance & Commissioning.
- 13.2.6 Designated Managers shall be responsible for a system approved by the Director of Finance & Commissioning for a review of slow moving and obsolete items and for condemnation, disposal and replacement of all unserviceable articles. The designated Officer shall report to the Director of Finance & Commissioning any evidence of significant overstocking and of any negligence or malpractice (see also overlap with SFI No. 15, Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

13.3 Goods Supplied by NHS Supply Chain

- 13.3.1 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 Director of Finance & Commissioning who shall be satisfied that the goods have been received before accepting the recharge.

14. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

14.1 Disposals and Condemnations

14.1.1 Procedures

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

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

14.1.3 All unserviceable articles shall be:

- (a) condemned or otherwise disposed of by an employee authorised for that purpose by the Director of Finance & Commissioning;

- (b) recorded by the Condemning Officer in a form approved by the Director of Finance & Commissioning 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 Director of Finance & Commissioning.

14.1.4 The Condemning Officer shall satisfy himself as to whether or not there is evidence of negligence in use and shall report any such evidence to the Director of Finance & Commissioning who will take the appropriate action.

14.2 Losses and Special Payments

14.2.1 The Director of Finance & Commissioning must prepare procedural instructions on the recording of and accounting for condemnations, losses and special payments. These procedures shall follow Department of Health guidance which also lays down the limits of authority delegated to the Trust. The Director of Finance & Commissioning must also prepare a "Counter Fraud and Security Policy and Procedure" to be approved by the Trust Board, which sets out the action to be taken both by persons detecting a suspected fraud and by those persons responsible for investigating it.

14.2.2 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 Director of Finance & Commissioning or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Director of Finance & Commissioning and/or Chief Executive. Alternatively an employee may contact the NHS Fraud and Corruption Reporting Line. Under no circumstances should an employee challenge the suspected offender, nor tamper with any evidence nor seek to entrap, as this may undermine options available to the Trust, counter-fraud service and/or police. Where a criminal offence is suspected, the Director of Finance & Commissioning must immediately inform the police if theft or arson is involved. In cases of fraud or corruption or of anomalies which may indicate fraud or corruption, the Director of Finance & Commissioning must inform the relevant LCFS and NHS Protect in accordance with Secretary of State for Health and Social Care's Directions.

The Director of Finance & Commissioning must notify NHS Protect and the External Auditor of all frauds.

14.2.3 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Director of Finance & Commissioning must immediately notify:

- (a) the Board;
- (b) the External Auditor.

14.2.4 Within limits delegated to it by the Department of Health, the Board, and such officers as subsequently delegated by them (see Scheme of Delegation) shall approve the writing-off of losses.

14.2.5 The Director of Finance & Commissioning shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.

14.2.6 For any loss, the Director of Finance & Commissioning should consider whether any insurance claim can be made.

- 14.2.7 The Director of Finance & Commissioning shall maintain a Losses and Special Payments Register in which write-off action is recorded.
- 14.2.8 No special payments exceeding delegated limits shall be made without the prior approval of the Department of Health.
- 14.2.9 All losses and special payments must be reported to the Audit Committee at every meeting.

15. FINANCIAL SYSTEMS - INFORMATION TECHNOLOGY (IT)

15.1 Responsibilities and Duties of the Director of Finance & Commissioning

15.1.1 The Director of Finance & Commissioning, who is responsible for the accuracy and security of the computerised financial data of the Trust, shall:

- (a) Devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Trust's data, programs and computer hardware for which the Director is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998;
- (b) Ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness and timeliness of the data, as well as the efficient and effective operation of the system;
- (c) Ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
- (d) Ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as the Director may consider necessary are being carried out.

15.1.2 The Director of Finance & Commissioning 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.

15.1.3 The Director of Finance & Commissioning 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 the Trust that is made publicly available.

15.2 Responsibilities and Duties of other Directors and Officers in relation to Computer Systems of a General Application

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 Finance & Commissioning:

- (a) details of the outline design of the system;
- (b) in the case of packages acquired either from a commercial organisation, from the NHS, or from another public sector organisation, the operational requirement.

15.3 Contracts for Computer Services with other Health Bodies or Outside Agencies

The Director of Finance & Commissioning 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 Director of Finance & Commissioning shall periodically seek assurances that adequate controls are in operation.

15.4 Risk Assessment

The Director of Finance & Commissioning 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.

15.5 Requirements for Computer Systems which have an impact on Corporate Financial Systems

Where computer systems have an impact on corporate financial systems the Director of Finance & Commissioning shall need to be satisfied that:

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

16. PATIENTS' PROPERTY

16.1 The Trust has a responsibility to provide safe custody for money and other personal property handed in by patients, in the possession of unconscious or confused patients, or found in the possession of deceased or dead on arrival patients and shall determine procedures to ensure safe custody.

16.2 The Chief Executive is responsible for ensuring that patients or their guardians, as appropriate, are informed, either through notices or oral advice that the Trust will not accept responsibility or liability for patients' property brought into Health Service premises/vehicles, unless it is handed in for safe custody and a copy of an official patients' property record is obtained as a receipt.

16.3 The Director of Finance & Commissioning must provide detailed written instructions on the handling of patients' property.

16.4 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. FUNDS HELD ON TRUST

17.1 Corporate Trustee

17.1.1 Standing Order No. 2.8 outlines the Trust's responsibilities as a corporate trustee for the management of funds it holds on trust, along with Standing Order 1.14 that defines the need for compliance with Charities Commission latest guidance and good practice.

17.1.2 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.

17.1.3 The Director of Finance & Commissioning 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.

17.2 Accountability to Charity Commission and Secretary of State for Health and Social Care

17.2.1 The trustee responsibilities must be discharged separately and full recognition given to the Trust's dual accountabilities to the Charity Commission for charitable funds held on trust and to the Secretary of State for all funds held on trust.

17.2.2 The Schedule of Matters Reserved to the Board and the Scheme of Delegation make clear where decisions regarding the exercise of discretion regarding the disposal and use of the funds are to be taken and by whom. All Trust Board members and Trust officers must take account of that guidance before taking action.

17.3 Applicability of Standing Financial Instructions to Funds held on Trust

17.3.1 Insofar 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. (See overlap with SFI No: 7.15.)

17.3.2 The overriding 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.

18. ACCEPTANCE OF GIFTS BY STAFF AND LINK TO STANDARDS OF BUSINESS CONDUCT (see overlap with SO 10.2.6(d))

The Director of Finance & Commissioning shall ensure that all staff and governors are made aware of the Trust's policy on acceptance of gifts and other benefits in kind by staff. The Trust's Standards of Business Conduct Policy in Respect of Interests, Gifts, Hospitality, Sponsorship, Advertising and Partnership Arrangements and the Anti-Bribery Policy follows guidance contained in the Department of Health circular HSG(93)5 'Standards of Business Conduct for NHS Staff' and is also deemed to be an integral part of the Standing Orders and Standing Financial Instructions.

19. RETENTION OF DOCUMENTS

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

20. RISK MANAGEMENT AND INSURANCE

20.1 Programme of Risk Management

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

The programme of risk management shall include:

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

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 the Department of Health guidance.

20.2 Insurance: Risk Pooling Schemes Administered by NHS Resolution

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

20.3 Insurance Arrangements with Commercial Insurers

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

20.4 Arrangements to be followed by the Board in Agreeing Insurance Cover

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

21. CONSULTATION IN RELATION TO CHANGES TO SERVICES

- 21.1 The Trust should take into account the legal duties of consultation that are applicable to the Trust when considering any changes to service provision at an early stage and seek advice where necessary.
- 21.2 Section 242 of the National Health Service Act 2006 sets out the Trust's duty as respects health services for which it is responsible, that persons to whom those services are being or may be provided or, directly or through representatives, included in and consulted on:
- (a) The planning of the provision of those services;

- (b) The development and consideration of proposals for changes in the way those services are provided; and
- (c) Decisions to be made by that body affecting the operation of those services.

21.3 Regulation 4A of the Local Authority (Overview and Scrutiny Committee's Health Scrutiny functions) Regulations 2002 sets out that the Trust needs to consult with the Overview and Scrutiny Committee of a Local Authority where:

- (a) The Trust proposes to make an application to the Regulator to vary the terms of its authorisation; and
- (b) That application, if successful, would result in a substantial variation of the provision by the Trust of protected goods or services in the area of that local authority.

References:

Counter Fraud and Security Policy and Procedure
Annual Plan, Manual of Accounts, Department of Health
Concode, Department of Health
Capital Investment Manual, Department of Health

APPROVED BY TRUST BOARD: 27 March 2019