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To be read in conjunction with (identify which internal documents)	

SUPPORTING REFERENCES	
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STANDING FINANCIAL INSTRUCTIONS

1. INTRODUCTION

1.1 General

- 1.1.1 These Standing Financial Instructions (SFIs) are issued in accordance with the Trust (Functions) Directions 2000 issued by the Secretary of State which require that each Trust shall agree Standing Financial Instructions for the regulation of the conduct of its members and officers in relation to all financial matters with which they are concerned. They shall have effect as if incorporated in the Standing Orders (SOs).
- 1.1.2 These Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Decisions Reserved to the Board and the Scheme of Delegation adopted by the Trust.
- 1.1.3 These Standing Financial Instructions 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.
- 1.1.4 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Director of Finance must be sought before acting. The user of these Standing Financial Instructions should also be familiar with and comply with the provisions of the Trust's Standing Orders.
- 1.1.5 The failure to comply with Standing Financial Instructions and Standing Orders can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.
- 1.1.6 **Overriding Standing Financial Instructions** – If for any reason these Standing Financial Instructions are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit Committee for referring action or ratification. All members of the Board and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Director of Finance as soon as possible.

1.2 Responsibilities and delegation

1.2.1 The Trust Board

The Board exercises financial supervision and control by:

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

1.2.2 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 or individuals as indicated in the scheme of delegation or these Standing Financial Instructions.

1.2.3 **The Chief Executive and Director of Finance**

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

Within the Standing Financial Instructions, it is acknowledged that the Chief Executive is ultimately accountable to the Board, 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 Chairman 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.

1.2.4 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.

1.2.5 **The Director of Finance**

The Director of Finance 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 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.

1.2.6 Board Members 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 with the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation.

1.2.7 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.

- 1.2.8 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.

2. AUDIT

2.1 Audit Committee

- 2.1.1 In accordance with Standing Orders, the Board shall formally establish an Audit Committee, with clearly defined terms of reference and following guidance from the NHS Audit Committee Handbook which will provide an independent and objective view of internal control by:

- (a) overseeing Internal and External Audit services;
- (b) reviewing financial and information systems and monitoring the integrity of the

- financial statements and reviewing significant financial reporting judgments;
- (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 schedules of debtors/creditors balances over 6 months old and £5,000 and explanations/action plans;
- (g) Reviewing the arrangements in place to support the Assurance Framework process prepared on behalf of the Board and advising the Board accordingly.
- (h) Review and approve corporate policies on behalf of the Board

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 Chairman 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 in the first instance.)

2.1.3 It is the responsibility of the Director of Finance 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

2.2.1 The Director of Finance 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 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;
- (e) ensuring that an annual internal audit report is prepared for the 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 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 land, premises or 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 must be notified immediately.

2.3.3 The Chief Internal Auditor will normally attend Audit Committee meetings and has a right of access to all Audit Committee members, the Chairman and Chief Executive of the Trust.

2.3.4 The Chief Internal Auditor shall be accountable to the Director of Finance. The reporting system for internal audit shall be agreed between the Director of Finance,

the Audit Committee and the Chief Internal Auditor. 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 annually.

2.4 External Audit

The External Auditor is appointed by the Trust Board on the recommendation of the Auditor Panel and 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 Financial Reporting Council if the issue cannot be resolved.

2.5 Fraud and Corruption

- 2.5.1 In line with their responsibilities, the Trust Chief Executive and Director of Finance shall monitor and ensure compliance with Directions issued by the Secretary of State for Health on fraud and corruption.
- 2.5.2 The Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist as specified by the Department of Health Fraud and Corruption Manual and guidance.
- 2.5.3 The Local Counter Fraud Specialist shall report to the Trust Director of Finance and shall work with staff in the Counter Fraud and Security Management Services (CFSMS) and the Regional Counter Fraud and Security Management Services (CFSMS) in accordance with the Department of Health Fraud and Corruption Manual.
- 2.5.4 The Local Counter Fraud Specialist will provide a written report quarterly to the Audit Committee, on counter fraud work within the Trust.

2.6 Security Management

- 2.6.1 In line with their responsibilities, the Trust Chief Executive will monitor and ensure compliance with Directions issued by the Secretary of State for Health on NHS security management.
- 2.6.2 The Trust shall nominate a suitable person to carry out the duties of the Local Security Management Specialist (LSMS) as specified by the Secretary of State for Health guidance on NHS security management.
- 2.6.3 The Trust shall nominate a Non-Executive Director to be responsible to the Board for NHS security management.
- 2.6.4 The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the Security Management Director (SMD) and the appointed Local Security Management Specialist (LSMS).

3. ALLOCATIONS, PLANNING, BUDGETS, BUDGETARY CONTROL, AND MONITORING

3.1 Preparation and Approval of Plans and Budgets

3.1.1 The Chief Executive will compile and submit to the Board an Annual Business Plan (ABP) which takes into account financial targets and forecast limits of available resources. The ABP will contain:

- (a) a statement of the significant assumptions on which the plan is based;
- (b) details of major changes in workload, delivery of services or resources required to achieve the plan.

3.1.2 Prior to the start of the financial year the Director of Finance 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 Local Delivery Plan;
- (b) accord with workload and manpower plans;
- (c) be produced following discussion with appropriate budget holders;
- (d) be prepared within the limits of available funds;
- (e) identify potential risks.

3.1.3 The Director of Finance 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 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 has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage successfully.

3.2 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 provision of regular reports.

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.

3.3 Budgetary Control and Reporting

3.3.1 The Director of Finance will devise and maintain systems of budgetary control. These will include:

- (a) monthly financial reports to the Board in a form approved by the Board containing:
 - (i) income and expenditure to date showing trends and forecast year-end position;
 - (ii) Balance sheet position showing movement from previous month and movement year to date
 - (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;
 - (vi) details of any corrective action where necessary and the Chief Executive's and/or Director of Finance's view of whether such actions are sufficient to correct the situation;
 - (vii) service line reporting information
- (b) the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;
- (c) investigation and reporting of variances from financial, workload and manpower budgets;
- (d) monitoring of management action to correct variances; and
- (e) arrangements for the authorisation of budget transfers.

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 manpower 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 ABP 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 22).

3.5 Monitoring Returns

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

4. ANNUAL ACCOUNTS AND REPORTS

4.1 The Director of Finance, 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 International Financial Reporting Standards where applicable;
- (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 Board on the recommendation of the Auditor Panel. 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 OPG ACCOUNTS

5.1 General

5.1.1 The Director of Finance 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. In line with 'Cash Management in

the NHS' Trusts should minimize the use of commercial bank accounts and consider using Government Banking Service (GBS) accounts for all banking services.

5.1.2 The Board shall approve the banking arrangements.

5.2 Bank and OPG Accounts

5.2.1 The Director of Finance is responsible for:

- (a) bank accounts and GBS accounts;
- (b) establishing separate bank accounts for the Trust's non-exchequer funds;
- (c) ensuring payments made from bank or GBS 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 will prepare detailed instructions on the operation of bank and GBS accounts which must include:

- (a) the conditions under which each bank and GBS account is to be operated;
- (b) those authorised to sign cheques or other orders drawn on the Trust's accounts.

5.3.2 The Director of Finance must advise the Trust's bankers in writing of the conditions under which each account will be operated.

5.4 Tendering and Review

5.4.1 The Director of Finance 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. This review is not necessary for GBS accounts.

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

6.1.2 The Director of Finance 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 advice in the "Costing" Manual in setting prices for NHS service agreements.

6.2.2 The Director of Finance is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health/Monitor 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 and the provisions of the Bribery Act 2010 shall be followed.

6.2.3 All employees must inform the Director of Finance 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 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 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.

- 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.

7. TENDERING AND CONTRACTING PROCEDURE

The Trust's policy is to seek to maximise value for money in the procurement of goods and services whilst ensuring that operational requirements are fulfilled and statutory obligations met.

7.1 Duty to comply with Standing Orders and Standing Financial Instructions

The procedure for making all contracts by or on behalf of the Trust shall comply with the Standing Orders and the Standing Financial Instructions (except where the Suspension of Standing Orders is applied).

7.2 EU Directives Governing Public Procurement

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

7.3 Reverse eAuctions

The Trust should have policies and procedures in place for the control of all tendering activity carried out through Reverse eAuctions. For further guidance on Reverse eAuctions refer to www.ogc.gov.uk

7.4 Capital Investment Manual and other Department of Health Guidance

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

Trust Officers will as a matter of course seek to use NHS or other Public Body Contracts. In

cases where they are not available or are inappropriate for use the following rules by value apply. All values are for the total procurement value over the life of the goods/services.

Both quotations and tenders are formal requests from the Trust to potential suppliers to provide prices/costs against a defined procurement.

Tenders representing a value greater than the OJEU level and more complicated procurements will comprise a range of standard documentation as advised by the Department of Health and Government.

In cases where the Trust, by prior agreement, uses another Public Body to undertake procurement then the Statutory Framework of that Body will apply to the procurement – the Trust having agreed and documented this in advance.

In cases where the Trust, by prior agreement, undertakes procurement on behalf of another Public Body the Trust's Statutory Framework will apply – all parties having agreed and documented this in advance.

7.5.1 **General Applicability**

The Trust shall ensure that competitive tenders are invited for:

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

7.5.2 **Health Care Services**

Where the Trust elects to invite tenders for the supply of healthcare services these Standing Orders and Standing Financial Instructions shall apply as far as they are applicable to the tendering procedure and need to be read in conjunction with Standing Financial Instruction No. 18 and No. 19.

7.5.3 **Exceptions and instances where formal tendering need not be applied**

It should be noted that European Procurement Law applies at all times and cannot be waived. Trust Procurement will advise budget holders as to how compliance can be achieved.

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

- (a) the estimated expenditure or income does not, or is not reasonably expected to, exceed **£35,000**;
- (b) where the supply is proposed under special arrangements negotiated by the DH in

- which event the said special arrangements must be complied with;
- (c) regarding disposals as set out in Standing Financial Instructions No. 23;

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 Trust record;
- (e) where the requirement is covered by an existing contract;
- (f) where a government agreement is in place and have been approved by the Board;
- (g) 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;
- (h) where the timescale genuinely precludes competitive tendering but failure to plan the work properly would not be regarded as a justification for a single tender;
- (i) where specialist expertise is required and is available from only one source;
- (j) when the task is essential to complete the project, and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate;
- (k) 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;
- (l) 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 will ensure that any fees paid are reasonable and within commonly accepted rates for the costing of such work.

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. All proposed waivers will be requested by means of the Trust approved formal Waiver Form and in line with the Trust's Scheme of Delegation.

Trust Procurement will consider all requests to waive tendering and quotation requirements as set out in these Standing Orders and Standing Financial Instructions based upon both the information presented and appropriate research. Approval will be granted or declined in the first instance by Trust Procurement and the form will then be submitted to the Director of Finance. If either party declines the waiver request the Trust Procurement Officer will brief and advise the

commissioning officer of the reason.

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 on an annual basis

7.5.4 Fair and Adequate Competition

Where the exceptions set out in SFI Nos. 16.1 and 16.5.3 apply, the Trust shall ensure that invitations to tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and in no case less than two firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.

7.5.5 List of Approved Firms

The Trust shall ensure that the firms/individuals invited to tender (and where appropriate, quote) are among those on approved lists. Where in the opinion of the Director of Finance 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 16.6.8 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 EU Regulations, Procure21 and Private Finance Initiatives) without Department of Health approval.

7.5.7 Items which subsequently breach thresholds after original approval

Items estimated to be below the limits set in this Standing Financial Instruction for which formal tendering procedures are not used which subsequently prove to have a value above such limits shall be reported to the Chief Executive, and be recorded in an appropriate Trust record.

7.6 Contracting/Tendering Procedure

Trust Procurement will support budget holders in sourcing and identifying potential suppliers. Sources of potential suppliers will include but not be limited to:

- NHS or other Public Body Contractors
- Respondents to Notices placed in the Official Journal of the European Union
- Respondents to Notices placed in appropriate Journals
- Those advised by Trust Officers based upon their operational and technical knowledge

A pre-selection process will usually be undertaken including, where appropriate, indicative costing methodologies.

In the case of hard copy paper tenders, a list of the suppliers invited to submit a Tender will be provided for the Director of Finance's office and include the tender reference and the closing date and time for receipt of tenders.

Tender documents will be issued according to one of three methods:

- (1) Electronically via the Trust Tender Management (TM) system.

This involves giving Tenderers electronic access to Tender Documents and their return electronically. The Trust may also elect to utilise the Electronic Auction option as part of this method which involves facilitating an online reverse auction where against an agreed range of products/ services tenderers submit prices within a timescale with an expectation that suppliers submitting the lowest prices will achieve the highest score for the pricing elements of the Tender. The trust may also invite non price Tender submissions in addition to the Electronic Auction.

Electronic Auctions will be operated in accordance with the protocols of the TM System provider and the Trust Procurement/E-Commerce Department.

- (2) Electronically from an approved Trust Officer email address.

This involves the electronic dissemination of the Tender Documents to the Director of Finance's office and includes the tender reference and the closing date and time for receipt of tenders.

- (3) By paper hard copy.

This involves the posting of paper hard copy Tender Documents and the return of the paper hard copy. All invitations to tender shall state the date and time as being the latest time for receipt of tenders. All invitations to tender shall state that no paper hard copy tender will be accepted unless:

- (a) submitted in a plain sealed package or envelope bearing a pre- printed label supplied by the Trust (or the word "tender" followed by the subject to which it relates) and the latest date and time for the receipt of such tender addressed to the Chief Executive or nominated Manager;
- (b) that tender envelopes/ packages shall not bear any names or marks indicating the sender. The use of courier/postal services must not identify the sender on the envelope or on any receipt so required by the deliverer.
- (iii) Every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable.
- (iv) Every tender for building or engineering works (except for maintenance work, when Estmancode guidance shall be followed) shall embody or be in the terms of the current edition of one of the Joint Contracts Tribunal Standard Forms of Building

Contract or Department of the Environment (GC/Wks) Standard forms of contract amended to comply with EU regulations, Procure21 and Private Finance Initiatives; or, when the content of the work is primarily engineering, the General Conditions of Contract recommended by the Institution of Mechanical and Electrical Engineers and the Association of Consulting Engineers (Form A), or (in the case of civil engineering work) the General Conditions of Contract recommended by the Institute of Civil Engineers, the Association of Consulting Engineers and the Federation of Civil Engineering Contractors. These documents shall be modified and/or amplified to accord with Department of Health guidance and, in minor respects, to cover special features of individual projects.

16.6.2 Receipt and safe custody of paper hard copy and tenders issued electronically from an approved Trust Officer's email address

The Chief Executive or his nominated representative will be responsible for the receipt, endorsement and safe custody of tenders received until the time appointed for their opening.

The date and time of receipt of each tender shall be endorsed on the tender envelope/package.

16.6.3 Opening tenders and Register of tenders

Tenders issued electronically via the TM System should be submitted and opened in accordance with the TM System protocols. These protocols having been agreed with the system provider and having been approved by the Trust's Internal Audit System prior to implementation. The Tenders will remain within the TM System under a password controlled and time locked secure electronic environment.

Tenders issued electronically from an approved Trust Officer email address must be returned addressed to the Director of Finance or delegated officer and submitted in accordance with the notified tender deadline.

Tenders issued by paper hard copy should be opened:

- (i) As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened by two senior officers/managers designated by the Chief Executive and not from the originating department.
- (ii) A member of the Trust Board will be required to be one of the two approved persons present for the opening of tenders. The rules relating to the opening of tenders will need to be read in conjunction with any delegated authority set out in the

Trust's Scheme of Delegation.

- (iii) The 'originating' Department will be taken to mean the Department sponsoring or commissioning the tender.
- (iv) The involvement of Finance Directorate staff in the preparation of a tender proposal will not preclude the Director of Finance or any approved Senior Manager from the Finance Directorate from serving as one of the two senior managers to open tenders.
- (v) All Executive Directors/members will be authorised to open tenders regardless of whether they are from the originating department provided that the other authorised person opening the tenders with them is not from the originating department.
The Trust's Company Secretary will count as a Director for the purposes of opening tenders.
- (vi) Every tender received shall be marked with the date of opening and initialled by those present at the opening.
- (vii) A register shall be maintained by the Chief Executive, or a person authorised by him, to show for each set of competitive tender invitations dispatched:
 - the name of all firms individuals invited;
 - the names of firms individuals from which tenders have been received;
 - the date the tenders were opened;
 - the persons present at the opening;
 - the price shown on each tender;
 - a note where price alterations have been made on the tender. Each entry to this register shall be signed by those present.

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

- (viii) Incomplete tenders, i.e. those from which information necessary for the adjudication of the tender is missing, and amended tenders i.e., those amended by the tenderer upon his own initiative either orally or in writing after the due time for receipt, but prior to the opening of other tenders, should be dealt with in the same way as late tenders.

Admissibility

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 or Director of Finance.

- (ii) Where only one tender is sought and/or received, the Chief Executive and Director of Finance shall, as far practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for the Trust.

Late Tenders

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 exceptional circumstances i.e. dispatched in good time but delayed through no fault of the tenderer.

- (ii) Only in the most exceptional circumstances will a tender be considered which is received after the opening of the other tenders and only then if the tenders that have been duly opened have not left the custody of the Chief Executive or his nominated officer or if the process of evaluation and adjudication has not started.
- (iii) While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential, recorded, and held in safe custody by the Chief Executive or his nominated officer.
- (iv) The TM System will require the Trust's authorised Officers to approve the opening of Tenders received past the Tender Return date – until this is agreed they will be stored securely online

Acceptance of formal tenders (See overlap with SFI No. 16.7)

The Tender Document will normally state that the awarded is to be based on the most economically advantageous bid. This will normally include full life cycle costs.

In cases where the EU Thresholds apply, the Award Criteria must be included in either the Notice in the Official Journal of the European Union or in the Tender.

Contract Award criteria are agreed by Trust Officers as part of the procurement process. In projects of significant value/risk this will include budget holders, finance staff and procurement officers along with any other appropriate Trust Officers.

- (i) The procurement process must allow sufficient time for pre- offer (tender) engagement with potential suppliers including the application of indicative pricing methodologies. These will be conducted in accordance with Department of Health / Government Guidance. Post tender negotiation /pre contract negotiation is not permitted within the OJEU tendering process. In exceptional cases at the discretion of Trust Procurement it may be undertaken for below OJEU threshold tendering exercises. 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. These clarifications will be conducted in accordance with Department of Health/ Office of Government Commerce Guidance.

- (ii) The lowest tender, if payment is to be made by the Trust, or the highest, if payment is to be received by the Trust, shall be accepted unless there are good and sufficient reasons to the contrary. Such reasons shall be set out in either the contract file, or other appropriate record.

It is accepted that for professional services such as management consultancy, the lowest price does not always represent the best value for money. Other factors affecting the success of a project include:

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

Where other factors are taken into account in selecting a tenderer, these factors and their weighting in the award process must be clearly recorded and documented in the contract file, and the reason(s) for not accepting the lowest tender clearly stated.

- (iii) No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with these Instructions except with the authorisation of the Chief Executive.
- (iv) The use of these procedures must demonstrate that the award of the contract was:
 - (a) not in excess of the going market rate / price current at the time the contract was awarded;
 - (b) that best value for money was achieved.
- (v) All tenders should be treated as confidential and should be retained for inspection.

16.6.7 Tender reports to the Trust Board

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

16.6.8 List of approved firms

(a) Responsibility for maintaining list

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

(b) **Building and Engineering Construction Works**

- (i) Invitations to tender shall be made only to firms included on the approved list of tenderers compiled in accordance with this Instruction or on the separate maintenance lists compiled in accordance with Estmancode guidance (Health Notice HN(78)147).
- ii) Firms included on the approved list of tenderers shall ensure that when engaging, training, promoting or dismissing employees or in any conditions of employment, shall not discriminate against any person because of colour, race, ethnic or national origins, religion or sex, and will comply with the provisions of the Equal Pay Act 1970, the Sex Discrimination Act 1975, the Race Relations Act 1976, and the Disabled Persons (Employment) Act 1944 and any amending and/or related legislation.
- iii) Firms shall conform at least with the requirements of the Health and Safety at Work Act and any amending and/or other related legislation concerned with the health, safety and welfare of workers and other persons, and to any relevant British Standard Code of Practice issued by the British Standard Institution. Firms must provide to the appropriate manager a copy of its safety policy and evidence of the safety of plant and equipment, when requested.

(c) **Financial Standing and Technical Competence of Contractors**

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

16.6.9 Exceptions to using approved contractors

If in the opinion of the Chief Executive and the Director of Finance 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 from an approved list.

16.7 Quotations: Competitive and non-competitive

16.7.1 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 £15,000 but not exceed £35,000.

16.7.2 Competitive Quotations

- (i) Quotations should be obtained from at least 3 firms/individuals based on specifications or terms of reference prepared by, or on behalf of, the Trust.
- (ii) Quotations should be in writing unless the Chief Executive or his nominated officer determines that it is impractical to do so in which case quotations may be obtained by telephone. Quotations will usually comprise a single document.
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.
- (iii) All quotations should be treated as confidential and should be retained for inspection.
- (iv) 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.

16.7.3 Non-Competitive Quotations

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

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

16.7.4 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.

16.8 Authorisation of Tenders and Competitive Quotations

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

Designated budget holders	up to	£25,000
Divisional General Managers & Other Directors	up to	£75,000
Executive Directors	up to	£250,000
Director of Finance	up to	£500,000
Deputy Chief Executive	up to	£500,000
Chief Executive	up to	£1,000,000
Trust Board	over	£1,000,000

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 their minutes.

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

Refer to section 16.5.3

- (a) The Trust shall use the NHS Logistics 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 £15,000, the Trust shall procure goods and services in accordance with procurement procedures approved by the Director of Finance.

16.10 Private Finance for capital procurement (see overlap with SFI No. 22)

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

- (a) The Chief Executive shall demonstrate that the use of private finance represents

value for money and genuinely transfers risk to the private sector.

- (b) Where the sum exceeds delegated limits, a business case must be referred to the 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.

16.11 Compliance requirements for all contracts

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

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

16.12 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.

16.13 Disposals (See overlap with SFI No. 24)

Competitive Tendering or Quotation procedures shall not apply to the disposal of:

- (a) any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the Chief Executive or his nominated officer;
- (b) obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy of the Trust;
- (c) items to be disposed of with an estimated sale value of less than £5,000 this figure to be reviewed on a periodic basis;
- (d) items arising from works of construction, demolition or site clearance, which should

- be dealt with in accordance with the relevant contract;
- (e) land or buildings concerning which DH guidance has been issued but subject to compliance with such guidance.

16.14 In-house Services

16.14.1 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.

16.14.2 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 supplies officer and a Director of Finance representative. For services having a likely annual expenditure exceeding £ 500,000, a Non-Executive member of the Board should be a member of the evaluation team.

16.14.3 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.

16.14.4 The evaluation team shall make recommendations to the Board.

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

16.15 Applicability of SFIs on Tendering and Contracting to funds held in trust (see overlap with SFI No. 27.3)

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

8. NHS SERVICE AGREEMENTS FOR PROVISION OF SERVICES

8.1 Service Level Agreements (SLAs)

The Chief Executive, as the Accountable Officer, is responsible for ensuring the Trust enters into suitable Service Level Agreements (SLA) with service commissioners for the provision of NHS services.

All SLAs should aim to implement the agreed priorities contained within the Annual Business Plan (ABP) 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 SLAs build where appropriate on existing Joint Investment Plans;
- that SLAs are based on integrated care pathways.

8.2 Involving Partners and jointly managing risk

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

8.3 Reports to Board on SLAs

The Chief Executive, as the Accountable Officer, will need to ensure that regular reports are provided to the Board detailing actual and forecast income from the SLA. This will include information on costing arrangements, which increasingly should be based upon Healthcare Resource Groups (HRGs). Where HRGs are unavailable for specific services, all parties should agree a common currency for application across the range of SLAs.

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

9.1 Remuneration Committee

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.
(See NHS guidance contained in the Higgsreport.)

9.1.2 The Committee will:

- (a) agree the appropriate remuneration and terms of service for the Chief Executive and Executive Directors 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) Advise the Board of the remuneration and terms of service of the Executive Directors 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 the performance of individual Executive Directors via the annual appraisal report of the Chief Executive for the Non-Executive Directors and the Chairman's appraisal report for the Chief Executive.
- (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.
- (e) Carry out duties under the Trust's Fit and Proper Person Test Policy;
- (f) The Remuneration Committee and Non-Executive Directors will be involved in the recruitment of Executive Directors through focus groups that form part of the selection process.

9.1.3 The Committee shall report in writing to the Board. The Board shall remain accountable for taking decisions on the remuneration and terms of service of Executive Directors. Minutes of the Remuneration Committee meetings should record such decisions.

9.1.4 The Board will consider and need to approve proposals presented by the Chief Executive for the setting of remuneration and conditions of service for those employees and officers not covered by the Committee.

9.1.5 The Trust will pay allowances to the Chairman and Non-Executive Directors (including Associate Non-Executive Directors) of the Board in accordance with instructions issued by the Secretary of State for Health.

9.2 Funded Establishment

9.2.1 The manpower plans incorporated within the annual budget will form the funded establishment.

9.2.2 The funded establishment of any department may not be varied without the approval of the Chief Executive.

9.3 Staff Appointments

9.3.1 No officer or Member of the Trust Board 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:

- (a) unless authorised to do so by the Chief Executive;
- (b) Within the limit of their 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, condition of service, etc, for employees.

9.4 Processing Payroll

9.4.1 The Director of Finance 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 The Director of Finance 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 Appropriately nominated managers have delegated responsibility for:

- (a) submitting time records, and other notifications in accordance with agreed timetables;
- (b) completing time records and other notifications in accordance with the Director of Finance's instructions and in the form prescribed by the Director of Finance;
- (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 Director of Finance must be informed immediately.

9.4.4 Regardless of the arrangements for providing the payroll service, the Director of Finance 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.

9.5 Contracts of Employment

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 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 Standing Financial Instruction No. 17)

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 (and/or the Chief Executive) shall be consulted.

10.2.2 **System of Payment and Payment Verification**

The Director of Finance 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 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 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 rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
 - in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;
 - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
 - the account is arithmetically correct;
 - the account is in order for payment.
 - (iii) A timetable and system for submission to the Director of Finance 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. 19.2.4 below.

10.2.4 Prepayments

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

- (a) Prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to NPV using the National Loans Fund (NLF) rate plus 3.5%).
- (b) The appropriate officer must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the Trust if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments;
- (c) The Director of Finance 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 in a form approved by the Director of Finance;
- (b) state the Trust's terms and conditions of trade;
- (c) 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 and that:

- (a) all contracts (except as otherwise provided for in the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Director of Finance in advance of any commitment being made;
- (b) contracts above specified thresholds are advertised and awarded in accordance

- with EU rules on public procurement;
- (c) where consultancy advice is being obtained, the procurement of such 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;

(This provision needs to be read in conjunction with Standing Orders and the principles outlined in the national guidance contained in HSG 93(5) “Standards of Business Conduct for NHS Staff”) and the Bribery Act 2010;
 - (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 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;
 - (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;
 - (k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance;
 - (l) petty cash records are maintained in a form as determined by the Director of Finance.
 - (m) All attempts to bribe or otherwise induce members of staff to procure products or services from a particular supplier are reported immediately to the Director of Finance

10.2.7 The Chief Executive and Director of Finance shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within EU regulations, Procure21, Private Finance Initiative and ESTATECODE. The technical audit of these contracts shall be the responsibility of the relevant Director.

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

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

11. EXTERNAL BORROWING

20.1.1 The Director of Finance will advise the Board concerning the Trust's ability to pay dividend on, and repay Public Dividend Capital and any proposed new borrowing, within the limits set by the Department of Health. The Director of Finance is also responsible for reporting periodically to the Board concerning the PDC debt and all loans and overdrafts.

20.1.2 The Board will agree the list of employees (including specimens of their signatures) who are authorised to make short term borrowings on behalf of the Trust. This must contain the Chief Executive and the Director of Finance.

20.1.3 The Director of Finance must prepare detailed procedural instructions concerning applications for loans and overdrafts.

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

20.1.5 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. The Board must be made aware of all short term borrowings at the next Board meeting.

20.1.6 All long-term borrowing must be consistent with the plans outlined in the current LDP and be approved by the Trust Board.

20.2 INVESTMENTS

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

20.2.2 The Director of Finance is responsible for advising the Board on investments and shall report periodically to the Board concerning the performance of investments held.

20.2.3 The Director of Finance will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

12. FINANCIAL FRAMEWORK

The Director of Finance should ensure that members of the Board are aware of the Financial Framework. This document contains directions which the Trust must follow. It also contains directions to Strategic Health Authorities regarding resource and capital allocation and funding to Trust's. The Director of Finance should also ensure that the direction and guidance in the framework is followed by the Trust.

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

13.1 Capital Investment

13.1.1 The Chief Executive:

- (a) shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon business plans;
- (b) is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;
- (c) shall ensure that the capital investment is not undertaken without confirmation of commissioner(s) support and the availability of resources to finance all revenue consequences, including capital charges.

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

- (a) that a business case (in line with the guidance contained within the *Capital Investment Manual*) 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;
 - (ii) appropriate project management and control arrangements;
- (b) that the Director of Finance has certified professionally to the costs and revenue consequences detailed in the business case.

13.1.3 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of "Estatecode".

13.1.4 The Director of Finance shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with Inland Revenue guidance.

13.1.5 The Director of Finance shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.

13.1.6 The approval of a capital programme shall not constitute approval for

expenditure on any scheme.

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

- (a) specific authority to commit expenditure;
- (b) authority to proceed to tender (see overlap with SFI No. 16.6);
- (c) approval to accept a successful tender (see overlap with SFI No. 16.6).

The Chief Executive will issue a scheme of delegation for capital investment management in accordance with "Estatecode" guidance and the Trust's Standing Orders.

13.1.7 The Director of Finance shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes. These procedures shall fully take into account the delegated limits for capital schemes.

13.2 Private Finance

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

- (a) The Director of Finance 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.

13.3 Asset Registers

13.3.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Director of Finance concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted once a year.

13.3.2 Each Trust shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be as specified in the *Capital Accounting Manual* as issued by the Department of Health.

13.3.3 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.
- 13.3.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).
- 13.3.5 The Director of Finance shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 13.3.6 Each asset is to be appropriately valued in accordance with agreed accounting policies
- 13.3.7 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.
- 13.3.8 The Director of Finance of the Trust shall calculate and pay capital charges as specified by the Department of Health.

13.4 Security of Assets

- 13.4.1 The overall control of fixed assets is the responsibility of the Chief Executive.
- 13.4.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Director of Finance. 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;
 - (g) reporting, recording and safekeeping of cash, cheques, and negotiable instruments.
- 13.4.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Director of Finance.
- 13.4.4 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.
- 13.4.5 Any damage to the Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by Board members and employees in accordance with the procedure for reporting losses.
- 13.4.6 Where practical, assets should be marked as Trust property.

14. STORES AND RECEIPT OF GOODS

14.1 General position

23.1 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.

23.2 Control of Stores, Stocktaking, condemnations and disposal

23.2.1 Subject to the responsibility of the Director of Finance 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. 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.

23.2.2 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.

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

23.2.4 Stocktaking arrangements shall be agreed with the Director of Finance and there shall be a physical check covering all items in store at least once a year.

23.2.5 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Director of Finance.

23.2.6 The designated Manager/Pharmaceutical Officer shall be responsible for a system approved by the Director of Finance 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 any evidence of significant overstocking and of any negligence or malpractice (see also overlap with SFI No. 24 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.

23.3 Goods supplied by NHS Logistics

For goods supplied via the NHS Logistics 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 who shall satisfy himself that the goods have been received before accepting the recharge.

15. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

15.1 Disposals and Condemnations

15.1.1 Procedures

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

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

15.1.3 All unserviceable articles shall be:

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

15.1.4 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 who will take the appropriate action.

15.2 Losses and Special Payments

15.2.1 Procedures

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

15.2.2 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately inform the Chief Executive and the Director of Finance or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Director of Finance and/or Chief Executive. Where a criminal offence is suspected, the Director of Finance must immediately inform the police if theft or arson is involved. In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the Director of Finance must inform the

relevant LCFS and CFSMS regional team in accordance with Secretary of State for Health's Directions.

The Director of Finance must notify the Counter Fraud and Security Management Services (CFSMS) and the External Auditor of all frauds.

- 15.2.3 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Director of Finance must immediately notify:
- (a) the Audit Committee,
 - (b) the External Auditor
 - (c) in the event of theft or arson, the police.
- 15.2.4 The Director of Finance shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.
- 15.2.5 For any loss, the Director of Finance should consider whether any insurance claim can be made.
- 15.2.6 The Director of Finance shall maintain a Losses and Special Payments Register in which write-off action is recorded.
- 24.27 No special payments exceeding delegated limits shall be made without the prior approval of the Department of Health.
- 24.28 All losses and special payments must be reported to the Audit Committee on an annual basis

16. INFORMATION TECHNOLOGY

16.1 Responsibilities and duties of the Director of Finance

- 16.1.1 The Director of Finance, 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.
- 16.1.2 The Director of Finance shall need to ensure that new financial systems and

amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation.

16.1.3 The Company Secretary shall publish and maintain a Freedom of Information (FOI) Publication Scheme, or adopt a model Publication Scheme approved by the Information Commissioner.

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

16.2.1 In the case of computer systems which are proposed General Applications (i.e. normally those applications which the majority of Trust's in the Region wish to sponsor jointly) all responsible directors and employees will send to the Director of Finance:

- (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.

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

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

16.4 Risk Assessment

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

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

Where computer systems have an impact on corporate financial systems the Director of Finance 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 staff have access to such data;
 - (d) such computer audit reviews as are considered necessary are being carried out.

17. PATIENTS' PROPERTY

- 17.1** The Trust has a responsibility to provide safe custody for money and other personal property (hereafter referred to as "property") handed in by patients, in the possession of unconscious or confused patients, or found in the possession of patients dying in hospital or dead on arrival.
- 17.2** The Chief Executive is responsible for ensuring that patients or their guardians, as appropriate, are informed before or at admission by:
- notices and information booklets; (***notices are subject to sensitivity guidance***)
 - hospital admission documentation and property records;
 - the oral advice of administrative and nursing staff responsible for admissions,
- that the Trust will not accept responsibility or liability for patients' property brought into Health Service premises, unless it is handed in for safe custody and a copy of an official patients' property record is obtained as a receipt.
- 17.3** The Director of Finance must provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients' property (including instructions on the disposal of the property of deceased patients and of patients transferred to other premises) for all staff whose duty is to administer, in any way, the property of patients. Due care should be exercised in the management of a patient's money in order to maximise the benefits to the patient.
- 17.4** Where Department of Health instructions require the opening of separate accounts for patients' moneys, these shall be opened and operated under arrangements agreed by the Director of Finance.
- 17.5** In all cases where property of a deceased patient is of a total value in excess of £5,000 (or such other amount as may be prescribed by any amendment to the Administration of Estates, Small Payments, Act 1965), the production of Probate or Letters of Administration shall be required before any of the property is released. Where the total value of property is £5,000 or less, forms of indemnity shall be obtained.
- 17.6** 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.

- 17.7** Where patients' property or income is received for specific purposes and held for safekeeping the property or income shall be used only for that purpose, unless any variation is approved by the donor or patient in writing.

18. FUNDS HELD ON TRUST

18.1 Corporate Trustee

- (1) Standing Order No. 2.7 outlines the Trust's responsibilities as a corporate trustee for the management of funds it holds on trust, along with SFI 4.8.3 that defines the need for compliance with Charities Commission latest guidance and best practice. For further information in relation to the requirements in relation to Charitable Funds please see the Standing Orders and Standing Financial Instructions for Charitable Funds.
- (2) The discharge of the Trust's corporate trustee responsibilities are distinct from its responsibilities for exchequer funds and may not necessarily be discharged in the same manner, but there must still be adherence to the overriding general principles of financial regularity, prudence and propriety. Trustee responsibilities cover both charitable and non-charitable purposes.

The Director of Finance shall ensure that each trust fund which the Trust is responsible for managing is managed appropriately with regard to its purpose and to its requirements.

18.2 Accountability to Charity Commission and Secretary of State for Health

- (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.

- 18.3** 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.

Applicability of Standing Financial Instructions to funds held on Trust

- (1) In so far as it is possible to do so, most of the sections of these Standing Financial Instructions will apply to the management of funds held on trust. (See overlap with SFI No 16.16).
- (2) The over-riding principle is that the integrity of each Trust must be maintained and statutory and Trust obligations met. Materiality must be assessed separately from Exchequer activities and funds.

28 ACCEPTANCE OF GIFTS BY STAFF AND LINK TO STANDARDS OF CONDUCT (see overlap with Standing Orders)

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

29. RETENTION OF RECORDS

- 29.1 The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with Department of Health guidelines.
- 29.2 The records held in archives shall be capable of retrieval by authorised persons.
- 29.3 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.

30. RISK MANAGEMENT AND INSURANCE

30.1 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 must 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 (SIC) within the Annual Report and Accounts as required by current Department of Health guidance.

30.2 **Insurance: Risk Pooling Schemes administered by NHSLA**

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

30.3 **Insurance arrangements with commercial insurers**

30.3.1 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:

- (1) Trust's may enter commercial arrangements for **insuring motor vehicles** owned by the Trust including insuring third party liability arising from their use;
- (2) where the Trust is involved with a consortium in a **Private Finance Initiative contract** and the other consortium members require that commercial insurance arrangements are entered into; and
- (3) 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 the Department of Health.

30.4 **Arrangements to be followed by the Board in agreeing Insurance cover**

- (1) Where the Board decides to use the risk pooling schemes administered by the NHS Litigation Authority the Director of Finance shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Director of Finance shall ensure that documented procedures cover these arrangements.
- (2) Where the Board decides not to use the risk pooling schemes administered by the NHS Litigation Authority for one or other of the risks covered by the schemes, the Director of Finance shall ensure that the Board is informed of the nature and extent of the risks that are self-insured as a result of this decision. The Director of Finance 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.

- (3) All the risk pooling schemes require Scheme members to make some contribution to the settlement of claims (the 'deductible'). The Director of Finance should ensure documented procedures also cover the management of claims and payments below the deductible in each case.

DETAILED SCHEME OF DELEGATION

Delegated matters in respect of decisions, which may have a far-reaching effect, must be reported to the Chief Executive. The delegation shown below is the lowest level to which authority is delegated. Delegation to lower levels is only permitted with written approval of the Chief Executive who will, before authorising such delegation, consult with other Senior officers as appropriate. All items concerning Finance must be carried out with Standing Financial Instructions and Standing Orders.

	Delegated Matter	Authority Delegated To
1	Management of Budgets Responsibility of keeping expenditure within budgets At individual budget level (pay and non-pay) At service level For all other areas	Budget holder Divisional General Manager Director of Finance or Appropriate Delegated Manager
2	Maintenance/ Operation of Bank Accounts	Director of Finance
3	Non - Pay Revenue and Capital Expenditure/Requisitioning/ Ordering / Payment of Goods and Services Budgets are spent consistent with their purpose Non-Pay Expenditure for which no specific budget has been set up and which is not subject to funding under delegated powers of virement b) Orders exceeding 12 month period	Divisional General Manager or Departmental Manager Chief Executive, Director of Finance or Service

	Delegated Matter	Authority Delegated To
	All contracts for goods and Services and subsequent variations to contracts	Manager Director of Finance and Divisional General Manager Divisional General Manager or Director of Finance
4	Capital Schemes	Director of Estates Director of Finance
a)	Selection of Architects, Quantity Surveyors, Consultant Engineer and other professional advisors within EU Regulations	
b)	Financial monitoring and reporting on all capital scheme expenditure	

	Delegated Matter	Authority Delegated To
5	Quotation, Tendering and Contract Procedures	Head of Procurement or delegated officer
	Obtaining quotations for goods/ services up to £15,000	Head of Procurement or delegated officer
a)	Obtaining 3 written quotations for goods/ services from £15,000 to £35,000	Head of Procurement or delegated officer
b)	Obtaining competitive tenders for expenditure over £35,000	Head of Procurement or Director of Finance or Chief Executive
	Waiving of Quotations and Tenders subject to SFI's	Board Director and Senior Manager for paper tenders and Director of Finance/delegated officers
	Opening tenders and quotations	for electronic tenders
c)		
d)		

6	Setting of Fees and Charges	
a)	Private Patients, Overseas Visitors, Income Generation & other patient related services	Director of Finance or Nominated Deputy
b)	Price of NHS Service Agreements. Charges for all NHS Service Agreements, be they block cost per case cost and	Director of Finance or Nominated Deputy
7	Engagement of staff not on the Establishment	Chief Executive/ Director of Finance/ Deputy Chief Executive/ Associate
a)	Engagement of Trust solicitors Booking of Bank or Agency Staff <ul style="list-style-type: none"> • Medical Locums • Nursing 	Director of Safety & Quality Divisional General Manager or Nominated
8	Expenditure on Charitable and Endowment Funds Up to £3,000 per request Over £3.000 per request Over £20.000	Departmental Manager/ Directorate Nurse Director of Finance or Executive Director
9	Agreements/ Licenses	
a)	Preparation and signature of all tenancy agreements/ licences for staff subject to Trust policy on accommodation for staff	Facilities Manager Director of Finance/ Facilities Manager
b)	Extension to existing leases	Director of Finance/ Chief Executive
c)	Letting of premises to outside organisations	Director of Finance
d)	Approval of rent based on professional assessment	
10	Condemning and Disposals	
a)	Items obsolete, obsolescent,	

	irreparable or cannot be repaired cost effectively	Supplies
i)	With current/ estimated purchase less than £50	Manager Budget Holder
ii)	With current purchase new price greater than £50	Service Manager – Radiology Service Manager – Radiology
iii)	Disposal of x-ray films (subject to estimated income of less than £1,000 per sale)	Director of Estates
	Disposal of x-ray films (subject to estimated income exceeding £1,000 per sale)	Director of Estates and Director of Finance
iv)	Disposal of mechanical and engineering plant (subject to estimated income of less than £3,000 per sale)	

11	Losses, Write Off and Compensation	
a)	Losses and cash due to theft, fraud, overpayment and others up to £50,000	Chief Executive or Director of Finance
b)	Fruitless payments (including abandoned capital schemes) up to £250,000	Chief Executive or Director of Finance
c)	Bad debts and claims abandoned, private patients, overseas visitors and others up to £50,000	Chief Executive or Director of Finance
d)	Damage to buildings, fittings, furniture and equipment and loss of equipment and property in stores and in use due to culpable causes (e.g. fraud, theft, arson) or other up to £50,000	Chief Executive or Director of Finance
e)	Compensation payments made under legal obligation	Chief Executive or Director of Finance or Deputy Chief Executive
f)	Extra contractual payments to contractors up to £50,000	Chief Executive or Director of Finance
g)	Ex-gratia payments to patients and staff for loss of personal effects	
	<ul style="list-style-type: none"> • Less than £500 • Between £500 and £10,000 	Budget Holder / Associate Director of Safety & Quality
h)	<ul style="list-style-type: none"> □ £10,000 to £50,000 	Associate Director Safety & Quality
i)	For clinical negligence up to £1,000,000(negotiated settlements)	/ Deputy Chief Executive
	For personal injury claims involving negligence where legal advice has been obtained and guidance applied up to £1,000,000 including plaintiff's costs	Chief Executive / Director of Finance/ Deputy Chief Executive
	Other, except cases of maladministration where there was no financial loss by claimant £50,000	Chief Executive / Director of Finance/ Deputy Chief Executive
	Write off NHS Debtors	Chief Executive / Director of Finance/ Deputy Chief Executive
	Write off non NHS Debtors	Executive

12	Reporting of Incidents to the Police a) Where a criminal offence is suspected i) Criminal offence of a violent nature ii) Other b) Where fraud is involved	Executive/ Director of Finance/ Divisional Manager Director of Finance
13	Receiving Hospitality Applies to both individual and collective hospitality receipt items, in excess of £25.00 per item received	Declaration required in the Trust's Register
14	Implementation of Internal and External Audit Recommendations	Director of Finance
15	Maintenance & Update on Trust Financial Procedures	Director of Finance
16	Investment of Funds including Charitable and Endowment Funds	Director of Finance

17	<p>Personnel and Pay</p> <p>Authority to full funded post on the establishment with permanent staff</p> <p>Authority to appoint staff to post not on the formal establishment The granting of additional increments to staff within budget</p> <p>All requests for upgrading or regarding shall be dealt with in accordance with Trust procedures Establishments</p> <p>Additional staff to the agreed establishment with specifically allocated Finance</p> <p>Additional staff to the agreed establishment without specifically allocated finance</p> <p>Pay</p> <p>Authority to complete standing data forms effecting pay, new starters, variations and leavers Authority to complete and authorise positive reporting forms Authority to authorise overtime</p> <p>Authority to authorise travel and subsistence expenses</p> <p>Leave</p> <p>Approval of annual leave</p> <p>Annual leave – approval of carry forward up to a maximum of 5 days or as defined in the initial conditions of service</p> <p>Annual leave approval of carry over in excess of 5 days but less then 10 days</p> <p>Annual leave approval to carry forward 10 days or more</p> <p>Compassionate leave up to 5 days Special leave arrangements</p>	<p>Divisional General Manager Director of Finance</p> <p>Director of Finance or Divisional General Manager Chief Executive or Director of Finance</p> <p>Director of Finance Director of Finance</p> <p>Budget Holder</p> <p>Budget Holder</p> <p>Budget Holder</p> <p>Budget Holder</p> <p>Line/ Departmental Manager Line/ Departmental Manager</p> <p>Director of HR and Organisational Development</p>
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<p>Study leave</p> <ul style="list-style-type: none"> • Study leave outside the UK • Medical staff study leave (UK) • All other study leave (UK) Removal expenses, excess rent and house purchases Authorisation of payment of removal expenses incurred by officers taking up new appointments providing consideration was promised at interview. <p>Grievance Procedure</p> <p>All grievance cases must be dealt with strictly in accordance with the Grievance Procedure and the advice of the Head of HR must be sought when the grievance reaches the level of Service Manager</p> <p>Authorised car and mobile phone users</p> <p>Requests for new posts to be authorised as car users</p> <p>Request for new posts to be authorised as mobile telephone users</p> <p>Renewal of Fixed Term contract Staff</p> <p>Retirement Policy Authorisation of extensions of contract beyond normal retirement age in exceptional circumstances</p> <p>Redundancy</p> <p>Ill Health Retirement</p> <p>Decision to pursue retirement on the</p>	<p>Chief Executive or Director of Finance</p> <p>Divisional General Manager</p> <p>Divisional General Manager</p> <p>Divisional General Manager</p> <p>Divisional General Manager</p> <p>Divisional General Manager</p> <p>Divisional General Manager</p> <p>Divisional General Manager</p> <p>Divisional General Manager</p> <p>Chief Executive</p> <p>Chief Executive and Medical Director</p> <p>Divisional General Manager</p> <p>Director of Finance</p> <p>Director of HR and Organisational Development</p> <p>Director of Finance/ Nominated Officer</p> <p>Director of Finance / Nominated Officer</p>
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18	Authorisation of New Drugs £25,000 Estimated total yearly cost above £25,000	Deputy Chief Executive/ Divisional General Manager Drugs Committee & Executive/ Director of
19	Authorisation of Sponsorship Deals	Chief Executive/ Medical Director and Director of
20	Authorisation of Research Projects	Chief Executive / Medical Director and Chairman of Research Committee
21	Authorisation of Clinical Trials	Research & Development Committee, Chief Executive and Medical Director
22	Insurance Policies and Risk Manager	Chief Executive, Director of Finance and Deputy Chief Executive
23	Patients and Relatives Complaints Overall responsibility for ensuring that all complaints are dealt with effectively Responsibility for ensuring complaints relating to a directorate area are investigated thoroughly Medico-legal complaints – coordination of their manager	Deputy Chief Executive and Associate Director of Safety & Quality Divisional General Manager and Associate Director of Safety & Quality Associate Director of Safety & Quality
24	Review Trust compliance with the Access to Records Act	Director of Finance or Nominated Officer
25	Review of the Trust's compliance with the Code of Practice for Handling Confidential Information in the Contracting Environment and	Director of Finance or Nominated Officer
26	The keeping of a Register of Interests	Company Secretary
27	Attestation of Sealings in accordance with Standing Orders	Chief Executive/ Director of Finance/Company
28	The keeping of a Register of Sealings	Company Secretary
29	The keeping of the Hospitality Register	Company Secretary
30	Retention of Records	Chief Executive

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS

DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
DIRECTOR OF FINANCE	Approval of all financial procedures.
DIRECTOR OF FINANCE	Advice on interpretation or application of SFIs.
ALL MEMBERS OF THE BOARD AND EMPLOYEES	Have a duty to disclose any non-compliance with these Standing Financial Instructions to the Director of Finance as soon as possible.
CHIEF EXECUTIVE	Responsible as the Accountable Officer to ensure financial targets and obligations are met and have <u>overall responsibility for the System of Internal Control.</u>
CHIEF EXECUTIVE & DIRECTOR OF FINANCE	Accountable for financial control but will, as far as possible, delegate their detailed responsibilities.
CHIEF EXECUTIVE	To ensure all Board members, officers and employees, present and future, are notified of and understand Standing Financial Instructions.
DIRECTOR OF FINANCE	Responsible for: <ul style="list-style-type: none"> a) Implementing the Trust's financial policies and coordinating corrective action; b) Maintaining an effective system of financial control including ensuring detailed financial procedures and systems are prepared and documented; c) Ensuring that sufficient records are maintained to explain Trust's transactions and financial position; d) Providing financial advice to members of Board and staff; e) Maintaining such accounts, certificates etc as are required for the Trust to carry out its statutory duties
ALL MEMBERS OF THE BOARD AND	Responsible for security of the Trust's property, avoiding loss, exercising economy and efficiency in using resources and conforming to Standing Orders, Financial Instructions and financial procedures.

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS

CHIEF EXECUTIVE	Ensure that 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 are made aware of these instructions and their requirement to comply.
AUDIT COMMITTEE	Provide independent and objective view on internal control and probity.
AUDITOR PANEL	Provide advice and recommendation on the appointment of the External Auditor.
BOARD	Appoint External Auditor
CHAIR OF AUDIT COMMITTEE	Raise the matter at the Board meeting where Audit Committee considers there is evidence of ultra vires transactions or improper acts.
DIRECTOR OF FINANCE	Ensure an adequate internal audit service, for which he/she is accountable, is provided
DIRECTOR OF FINANCE	Decide at what stage to involve police in cases of misappropriation and other irregularities not involving fraud or corruption.
HEAD OF INTERNAL AUDIT	Review, appraise and report in accordance with NHS Internal Audit Manual and best practice.

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS

AUDIT COMMITTEE	Ensure cost-effective External Audit.
CHIEF EXECUTIVE & DIRECTOR OF FINANCE	Monitor and ensure compliance with SofS Directions on fraud and corruption including the appointment of the Local Counter Fraud Specialist.
CHIEF EXECUTIVE	Monitor and ensure compliance with Directions issued by the Secretary of State for Health on NHS security management including appointment of the Local Security Management Specialist.
CHIEF EXECUTIVE	Compile and submit to the Board an Annual Business Plan (ABP) which takes into account financial targets and forecast limits of available resources. The ABP will contain: <ul style="list-style-type: none"> • a statement of the significant assumptions on which the plan is based;
DIRECTOR OF FINANCE	Submit budgets to the Board for approval. Monitor performance against budget; submit to the Board financial estimates and forecasts.
DIRECTOR OF FINANCE	Ensure adequate training is delivered on an ongoing basis to budget holders.
CHIEF EXECUTIVE	Delegate budget to budget holders.
CHIEF EXECUTIVE & BUDGET HOLDERS	Must not exceed the budgetary total or virement limits set by the Board.

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS

DIRECTOR OF FINANCE	Devise and maintain systems of budgetary control.
BUDGET HOLDERS	Ensure that a) no overspend or reduction of income that cannot be met from virement is incurred without prior consent of Board;
CHIEF EXECUTIVE	Identify and implement cost improvements and income generation activities in line with the Annual Business Plan.
CHIEF EXECUTIVE	Submit monitoring returns
DIRECTOR OF FINANCE	Preparation of annual accounts and reports.
DIRECTOR OF FINANCE	Managing banking arrangements, including provision of banking services, operation of accounts, preparation of instructions and list of cheque signatories. Board approves arrangements.
DIRECTOR OF FINANCE	Income systems, including system design, prompt banking, review and approval of fees and charges, debt recovery arrangements, design and control of receipts, provision of adequate facilities and systems for employees whose duties include collecting or holding cash.
ALL EMPLOYEES	Duty to inform DoF of money due from transactions which they initiate/deal with.

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS

CHIEF EXECUTIVE	Tendering and contract procedure.
CHIEF EXECUTIVE	Waive formal tendering procedures.
CHIEF EXECUTIVE	Report waivers of tendering procedures to the Audit Committee.
DIRECTOR OF FINANCE	Where a supplier is chosen that is not on the approved list the reason shall be recorded in writing to the CE.
CHIEF EXECUTIVE	Responsible for the receipt, endorsement and safe custody of tenders received.
CHIEF EXECUTIVE	Shall maintain a register to show each set of competitive tender invitations despatched.
CHIEF EXECUTIVE AND DIRECTOR OF FINANCE	Where one tender is received will assess for value for money and fair price.
CHIEF EXECUTIVE	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.

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS

CHIEF EXECUTIVE	Will appoint a manager to maintain a list of approved firms.
CHIEF EXECUTIVE	Shall ensure that appropriate checks are carried out as to the technical and financial capability of those firms that are invited to tender or quote.
CHIEF EXECUTIVE	The Chief Executive or his nominated officer should evaluate the quotation and select the quote which gives the best value for money.
CHIEF EXECUTIVE or DIRECTOR OF FINANCE	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 these Instructions except with the authorisation of the Chief Executive.
CHIEF EXECUTIVE	The Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.
BOARD	All PFI proposals must be agreed by the Board.
CHIEF EXECUTIVE	The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Trust.
CHIEF EXECUTIVE	The Chief Executive shall nominate officers with delegated authority to enter into contracts of employment, regarding staff, agency staff or temporary staff service contracts.

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS

CHIEF EXECUTIVE	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.
CHIEF EXECUTIVE	The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the Trust.
CHIEF EXECUTIVE	Must ensure the Trust enters into suitable Service Level Agreements (SLAs) with service commissioners for the provision of NHS services
CHIEF EXECUTIVE	As the Accountable Officer, ensure that regular reports are provided to the Board by the DoF detailing actual and forecast income from the SLA
BOARD	Establish a Remuneration Committee
REMUNERATION COMMITTEE	Agree the remuneration and terms of service of the CE, and Executive Directors to ensure they are fairly rewarded having proper regard to the Trust's circumstances and any national agreements; NHS Improvement and evaluate the performance of Executive Directors
REMUNERATION COMMITTEE	Report in writing to the Board the bases about remuneration and terms of service of directors. its decisions
BOARD	Approve proposals presented by the Chief Executive for setting of remuneration and conditions of service for those employees and officers not covered by the Remuneration Committee.

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS

CHIEF EXECUTIVE	Approval of variation to funded establishment of any department.
CHIEF EXECUTIVE	Staff, including agency staff, appointments and re-grading.
DIRECTOR OF FINANCE	Payroll: a) specifying timetables for submission of properly authorised time records and other notifications; b) final determination of pay and allowances;
NOMINATED MANAGERS*	Submit time records in line with timetable. Complete time records and other notifications in required form. Submitting termination forms in prescribed form and on time.
DIRECTOR OF FINANCE	Ensure that the chosen method for payroll processing 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.
NOMINATED MANAGER*	Ensure that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation; and Deal with variations to, or termination of, contracts of employment.
CHIEF EXECUTIVE	Determine, and set out, level of delegation of non-pay expenditure to budget managers, including a list of managers authorised to place requisitions, the maximum level of each requisition and the system for authorisation above that level.

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS

CHIEF EXECUTIVE	Set out procedures on the seeking of professional advice regarding the supply of goods and services.
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.
DIRECTOR OF FINANCE	Shall be responsible for the prompt payment of accounts and claims.
DIRECTOR OF FINANCE	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 regularly reviewed;
	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;
APPROPRIATE EXECUTIVE DIRECTOR	Make a written case to support the need for a prepayment.
DIRECTOR OF FINANCE	Approve proposed prepayment arrangements.
BUDGET HOLDER	Ensure that all items due under a prepayment contract are received (and immediately inform DoF if problems are encountered).

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS

CHIEF EXECUTIVE	Authorise who may use and be issued with official orders.
MANAGERS AND OFFICERS	Ensure that they comply fully with the guidance and limits specified by the Director of Finance.
CHIEF EXECUTIVE DIRECTOR OF FINANCE	Ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within EU regulations, Procure21 (P21), Private Finance Initiatives and ESTATECODE. The technical audit of these contracts
DIRECTOR OF FINANCE	Lay down procedures for payments to local authorities and voluntary organisations made under the powers of section 28A of the NHS Act.
DIRECTOR OF FINANCE	The DoF will advise the Board on the Trust's ability to pay dividend on Public Dividend Capital (PDC) and report, periodically, concerning the PDC debt and all loans and overdrafts.
BOARD	Approve a list of employees authorised to make short term borrowings on behalf of the Trust. (This must include the CE and DoF.)
DIRECTOR OF FINANCE	Prepare detailed procedural instructions concerning applications for loans and overdrafts.
CHIEF EXECUTIVE OR DIRECTOR OF	Be on an authorising panel comprising one other member for short term borrowing approval.

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS

DIRECTOR OF FINANCE	Will advise the Board on investments and report, periodically, on performance of same.
DIRECTOR OF FINANCE	Prepare detailed procedural instructions on the operation of investments held.
DIRECTOR OF FINANCE	Ensure that Board members are aware of the Financial Framework and ensure compliance
CHIEF EXECUTIVE	Capital investment programme: a) ensure that there is adequate appraisal and approval process for determining capital expenditure priorities and the effect that each has on plans
DIRECTOR OF FINANCE	Certify professionally the costs and revenue consequences detailed in the business case for capital investment.
CHIEF EXECUTIVE	Issue procedures for management of contracts involving stage payments.
DIRECTOR OF FINANCE	Assess the requirement for the operation of the construction industry taxation deduction scheme.
DIRECTOR OF FINANCE	Issue procedures for the regular reporting of expenditure and commitment against authorised capital expenditure.

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS

CHIEF EXECUTIVE	Issue manager responsible for any capital scheme with authority to commit expenditure, authority to proceed to tender and approval to accept a successful tender. Issue a scheme of delegation for capital investment management.
DIRECTOR OF FINANCE	Issue procedures governing financial management, including variation to contract, of capital investment projects and valuation for accounting purposes.
DIRECTOR OF FINANCE	Demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
BOARD	Proposal to use PFI must be specifically agreed by the Board.
CHIEF EXECUTIVE	Maintenance of asset registers (on advice from DoF).
DIRECTOR OF FINANCE	Approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
DIRECTOR OF FINANCE	Calculate and pay capital charges in accordance with Department of Health requirements.
CHIEF EXECUTIVE	Overall responsibility for fixed assets.

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS

DIRECTOR OF FINANCE	Approval of fixed asset control procedures.
BOARD, EXECUTIVE MEMBERS AND ALL SENIOR STAFF	Responsibility for security of Trust assets including notifying discrepancies to DoF, and reporting losses in accordance with Trust procedure.
CHIEF EXECUTIVE	Delegate overall responsibility for control of stores (subject to DoF responsibility for systems of control). Further delegation for day-to-day responsibility subject to such delegation being recorded. (Good practice to append to the scheme of delegation document.)
DIRECTOR OF FINANCE	Responsible for systems of control over stores and receipt of goods.
DESIGNATED PHARMACEUTICAL OFFICER	Responsible for controls of pharmaceutical stocks
DESIGNATED ESTATES OFFICER	Responsible for control of stocks of fuel oil and coal.
NOMINATED OFFICERS*	Security arrangements and custody of keys
DIRECTOR OF FINANCE	Set out procedures and systems to regulate the stores.

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS

DIRECTOR OF FINANCE	Agree stocktaking arrangements.
DIRECTOR OF FINANCE	Approve alternative arrangements where a complete system of stores control is not justified.
DIRECTOR OF FINANCE	Approve system for review of slow moving and obsolete items and for condemnation, disposal and replacement of all unserviceable items.
NOMINATED OFFICERS*	Operate system for slow moving and obsolete stock, and report to DoF evidence of significant overstocking.
CHIEF EXECUTIVE	Identify persons authorised to requisition and accept goods from NHS Supplies stores.
DIRECTOR OF FINANCE	Prepare detailed procedures for disposal of assets including condemnations and ensure that these are notified to managers.
DIRECTOR OF FINANCE	Prepare procedures for recording and accounting for losses, special payments and informing police in cases of suspected arson or theft.
ALL STAFF	Discovery or suspicion of loss of any kind must be reported immediately to either head of department or nominated officer. The head of department / nominated officer should then inform the CE and DoF.

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS

DIRECTOR OF FINANCE	Where a criminal offence is suspected, DoF must inform the police if theft or arson is involved. In cases of fraud and corruption DoF must inform the relevant LCFS and CFSMS Regional Team in line with SoS directions.
DIRECTOR OF FINANCE	Notify CFSMS and External Audit of all frauds.
DIRECTOR OF FINANCE	Notify Board and External Auditor of losses caused theft, arson, neglect of duty or gross carelessness (unless trivial).
BOARD	Approve write off of losses (within limits delegated by DH).
DIRECTOR OF FINANCE	Consider whether any insurance claim can be made.
DIRECTOR OF FINANCE	Maintain losses and special payments register.
DIRECTOR OF FINANCE	Responsible for accuracy and security of computerised financial data.
DIRECTOR OF FINANCE	Satisfy himself 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.

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS

COMPANY SECRETARY	Shall publish and maintain a Freedom of Information Scheme.
RELEVANT OFFICERS	Send proposals for general computer systems to DoF
DIRECTOR OF FINANCE	Ensure that contracts with other bodies for the provision of computer services for financial applications clearly define responsibility of all parties for security, privacy, accuracy, completeness and timeliness of data during processing, transmission and storage, and allow for audit review.
DIRECTOR OF FINANCE	Ensure that risks to the Trust from use of IT are identified and considered and that disaster recovery plans are in place.
DIRECTOR OF FINANCE	Where computer systems have an impact on corporate financial systems satisfy himself that: a) systems acquisition, development and maintenance are in line with corporate policies; b) data assembled for processing by financial systems is adequate, accurate, complete and timely,
CHIEF EXECUTIVE	Responsible for ensuring patients and guardians are informed about patients' money and property procedures on admission.
DIRECTOR OF FINANCE	Provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients' property (including instructions on the disposal of the property of deceased patients and of patients transferred to other premises) for all staff whose duty is to administer, in any way, the
DEPARTMENTAL MANAGERS	Inform staff of their responsibilities and duties for the administration of the property of patients.

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS

* DIRECTOR OF FINANCE	Ensure that each trust fund which the Trust is responsible for managing is managed appropriately.
DIRECTOR OF FINANCE	Ensure all staff are made aware of the Trust policy on the acceptance of gifts and other benefits in kind by staff
CHIEF EXECUTIVE	Retention of document procedures in accordance with NHS Code of Practice for Records Management
CHIEF EXECUTIVE	Risk management programme.
BOARD	Approve and monitor risk management programme.
BOARD	Decide whether the Trust will use the risk pooling schemes administered by the NHS Litigation Authority or self-insure for some or all of the risks (where discretion is allowed). Decisions to self-insure should be reviewed annually.
DIRECTOR OF FINANCE	Where the Board decides to use the risk pooling schemes administered by the NHS Litigation Authority the Director of Finance shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Director of Finance shall ensure that
DIRECTOR OF FINANCE	Ensure documented procedures cover management of claims and payments below the deductible.

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS

Nominated officers and the areas for which they are responsible should be incorporated into the Trust's Scheme of Delegation document.