



Standing Financial Instructions

Document Control Sheet

Q Pulse Reference Number	SOP-CE-TS-2
Version Number	01
Document Author	Head of Financial Services
Head of Department/Executive Director Job Title	Chief Executive
Head of Department signature	
Date Approved	28 April 2016
Date Form Effective From	08 June 2016
Next Review Date	01 May 2017
Keywords	Budget, delegation, Accounting Officer, audit, capital, accounts, procurement, tender, contract, charity, insurance.
Target Audience	All staff should have an awareness of the Standing Financial Instructions, but budget holders, managers and finance personnel need a greater awareness and understanding.

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STANDING FINANCIAL INSTRUCTIONS

FOREWORD

The Code of Accountability requires that each Foundation Trust shall give and may vary or revoke, Standing Financial Instructions (SFIs) for the regulation of the conduct of its members and officers in relation to all financial matters with which they are concerned. These SFIs are issued in accordance with the Code. They shall have effect as if incorporated into Standing Orders (SOs)

The Code of Accountability for NHS Boards (published by the Department of Health) requires Trust Boards to draw up Standing Orders, a Schedule of Decisions Reserved to the Board and Standing Financial Instructions. The Code also requires Boards to ensure that there are management arrangements in place to enable responsibility to be clearly delegated to senior executives. Additionally, the North East Ambulance Service NHS Foundation Trust's Board of Directors has drawn up locally generated rules and instructions, including financial procedural notes, for use within the Trust. Collectively, these must comprehensively cover all aspects of financial management and control. In effect, they set the business rules which Directors and employees (including employees of third parties contracted to the Trust) must follow when taking action on behalf of the Board.



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15. INTRODUCTION

15.1 General

- 15.1.1 These Standing Financial Instructions (SFIs) detail the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness.
- 15.1.2 These SFIs should be used in conjunction with the Trust's Constitution, Schedule of Decisions Reserved to the Board and the Scheme of Delegation adopted by the Trust.
- 15.1.3 These SFIs identify the financial responsibilities which apply to everyone working for the Trust and its constituent organisations including Trading Units. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Director of Finance & Resources. Current delegated financial authorisation limits are available from the Trust Secretary and are on the intranet site.
- 15.1.4 Should any difficulties arise regarding the interpretation or application of any of the SFIs, then the advice of the Director of Finance & Resources must be sought before acting. The user of these SFIs should also be familiar with and comply with the provisions of the Trust's Standing Orders.
- 15.1.5 **The failure to comply with SFIs and Standing Orders can in certain circumstances be regarded as a disciplinary matter that could result in dismissal and/or criminal action under the relevant legislation.**
- 15.1.6 **Overriding SFIs** – all members of the Board and employees have a duty to disclose any non-compliance with these SFIs. Full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the Director of Finance & Resources as soon as possible. The Director of Finance & Resources will, in cases of material breach, report the matter to the next formal meeting of the Audit Committee.
- 15.1.7. Board members and employees must be aware of and work within the Standards of Business Conduct that further amplifies some of these matters.

15.2 TERMINOLOGY

- 15.2.1 Any expression to which a meaning is given in Health Service Acts or in Directions made under the Acts, shall have the same meaning in these instructions; and
 - a) **"Accounting Officer"** means the NHS Officer responsible and accountable for funds entrusted to the Trust. The officer shall be responsible for ensuring the proper stewardship of public funds and assets. For this Trust it shall be the Chief Executive;
 - b) **"Board"** means the Chair, Executive and Non-Executive Directors of the Trust collectively as a body;



- c) **"Budget"** means a resource, expressed in financial terms, proposed by the Board for the purpose of carrying out, for a specific period, any or all of the functions of the Trust;
 - d) **"Budget holder"** means the Director or employee with delegated authority to manage finances (Income and Expenditure) for a specific area of the organization;
 - e) **"Chief Executive"** means the Chief Officer of the Trust;
 - f) **"Director of Finance & Resources"** means the Chief Financial Officer of the Trust;
 - g) **"Executive Director"** means a member of the Trust Board of Directors who is also an officer;
 - h) **"Funds held on Trust"** shall mean those funds which the Trust holds on date of Incorporation, receives on distribution by Statutory Instrument or chooses subsequently to accept under powers derived under S.90 of the NHS Act 1977, as amended and Section 11 of the NHS and Community Care Act 1990.. Such funds may or may not be charitable;
 - i) **"Officer"** means employee of the Trust or any other person holding a paid appointment or office within the Trust;
 - j) **"Non-Executive Director"** means a member of the Trust Board who is not an officer of the Trust; and
 - k) **"Trust"** means the North East Ambulance Service NHS Foundation Trust.
- 15.2.2. Wherever the title Chief Executive, Director of Finance & Resources or other nominated officer is used in these Instructions, it shall be deemed to include such other Directors or employees who have been duly authorized to represent them.
- 15.2.3 Wherever the term "employee" is used and where the context permits, it shall be deemed to include employees of third parties contracted to the Trust when acting on behalf of the Trust.

15.3 RESPONSIBILITIES AND DELEGATION

15.3.1 THE TRUST BOARD

The Board of Directors exercises financial supervision and control by:

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



15.3.2 The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the Schedule of Decisions Reserved to the Board (Reservation of Powers) document.

15.3.3. The Board of Directors has delegated responsibility for the performance of its functions in accordance with a Scheme of Delegation document, adopted by the Trust.

15.3.4 **THE CHIEF EXECUTIVE AND DIRECTOR OF FINANCE & RESOURCES**

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

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

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

15.3.6 **THE DIRECTOR OF FINANCE & RESOURCES**

The Director of Finance & Resources 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;
- (d) ensuring that members of the Board are aware of the Risk Assessment Framework applicable to the relevant year of operation.

and, without prejudice to any other functions of the Trust, and employees of the Trust, the duties of the Director of Finance & Resources 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; and
- (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.

15.3.7 **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; and
- (d) conforming with the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation.

15.3.9 For any and all members of the Board and 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 & Resources

15.3.8 **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.

16. **AUDIT**

16.1 **AUDIT COMMITTEE**

16.1.1 In accordance with the Constitution and Standing Orders, the Board shall formally establish an Audit Committee of Non-Executive Directors, with clearly defined Terms of Reference and following guidance from the NHS Audit Committee Handbook and in accordance with the Audit Code issued by Monitor / NHS Improvement which will provide an independent and objective view of internal control.

16.1.2 The Audit Committee's primary role is to conclude upon the adequacy and effective operation of the Trust's overall control system. In performing that role, the Committee's work will predominantly focus upon the framework of risks, controls and related assurances that underpin the delivery of the Trust's objectives.

16.1.3 The Audit Committee will review the adequacy of:

- (a) Internal and External Audit services;
- (b) all risk and control related disclosure statements;
- (c) the underlying assurance processes including the arrangements in place to support the Assurance Framework process;
- (d) the policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements;
- (e) the policies and procedures for all work relating to fraud and corruption; and



(f) the Trust's internal financial controls

16.1.4 The Audit Committee will also review arrangements by which staff of the Trust may raise concerns about possible improprieties in matters of financial reporting and control, clinical quality or patient safety. All such concerns are to be treated in confidence and the Committee should ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

16.1.5 The Board of Directors shall satisfy itself that at least one member of the Audit Committee has recent and relevant financial experience.

16.1.6 Where the Audit Committee considers there is evidence of ultra vires transactions, evidence of improper acts or, if there are other important matters that the Committee wishes to raise, the Chair of the Audit Committee will raise the matter at a full meeting of the Board of Directors. Exceptionally, the matter may need to be referred to Monitor, the independent regulator and/or the Department of Health (but to the Director of Finance & Resources in the first instance).

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

16.1.8 In line with NHS Internal Audit Standards, the Audit Committee shall approve the Terms of Reference for Internal Audit

16.1.9 The Audit Committee shall review financial and information systems and monitor the integrity of financial systems; reviewing significant financial reporting judgments.

16.2 DIRECTOR OF FINANCE & RESOURCES

16.2.1 The Director of Finance & Resources 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. 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; and
 - (vi) a detailed plan for the coming year.



16.2.2 The Director of Finance & Resources, Local Counter Fraud Specialist 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.

16.3 ROLE OF INTERNAL AUDIT

16.3.1 Internal Audit provides an independent and objective opinion to the Chief Executive, the Audit Committee and the Board on the degree to which risk management, control and governance support the achievement of the Trust's agreed objectives;

Internal Audit shall fulfill its Terms of Reference by the systematic review and evaluation of risk management, internal control and governance which comprises the policies, procedures and operations in place to:

- a) establish and monitor the achievement of the Trust's objectives;
- b) identify, access and manage the risks to achieving the Trust's objectives;
- c) ensuring the economical, effective and efficient use of resources;
- d) ensure compliance with established policies (including behavioural and ethical expectations), procedures, laws and regulations;
- e) safeguard the Trust's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption; and
- f) ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes.

16.3.2 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 & Resources must be notified immediately.

16.3.3 The Head of Internal Audit will normally attend Audit Committee meetings and has a right of access to all Audit Committee members, the Chair and Chief Executive of the Trust.

16.3.4 The Head of Internal Audit shall be accountable to the Director of Finance & Resources. The reporting system for internal audit shall be agreed between the Director of Finance & Resources, the Audit Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit Manual. The reporting system shall be reviewed at least every three years.



16.4. FRAUD AND CORRUPTION

16.4.1

In line with their responsibilities, the Chief Executive and Director of Finance and Resources shall monitor and ensure compliance with the policies as set down by the by the Board of Directors and which are in line with guidance issued by NHS Protect.

16.4.2. The Foundation 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 Guidance.

The Local Counter Fraud Specialist shall report to the Foundation Trust Director of Finance & Resources and shall work with the staff in NHS Protect in accordance with the NHS Anti fraud manual issued by NHS Protect.

16.4.3. The Local Counter Fraud Specialist will provide a written report, at least annually, on counter fraud work within the Trust.

16.5 EXTERNAL AUDIT

16.5.1 The Council of Governors shall appoint the External Auditor. The Audit Committee will provide advice with regard to this appointment and/or any removal of External Auditors. The Audit Committee must ensure a cost-efficient service. Should there appear to be a problem, this should be raised with the External Auditor and referred to Monitor, if the issue cannot be resolved.

16.5.2 External Audit responsibilities, in compliance with the requirements of Monitor / NHS Improvement, are to provide:-

- * an audit opinion on the Annual Report and Accounts
- * an Audit opinion on the Quality Report
- * a Value for Money opinion
- * such other opinions as may be required from time to time

16.6 SECURITY MANAGEMENT

16.6.1 In line with their responsibilities, the Trust Chief Executive will monitor and ensure compliance with policies as set down by the Board of Directors and guidance issued by NHS.

16.6.2 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.

16.6.3 The Trust shall nominate a Non-Executive Director to promote, on behalf of the Board, NHS security management and counter fraud measures

16.6.4 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).



17. PLANNING, BUDGETS, BUDGETARY CONTROL AND MONITORING

17.1 PREPARATION AND APPROVAL OF BUSINESS PLANS AND BUDGETS

17.1.1 The Chief Executive will compile and submit to the Board of Directors and Council of Governors an Annual Plan which takes into account financial targets and forecast limits of available resources. The Annual Plan will contain:

- (a) a statement of the significant assumptions on which the plan is based;
- (b) details of major changes in workload, delivery of services or resources required to achieve the plan; and
- (c) other details as required by Monitor / NHS Improvement, the independent regulator as set out in its prevailing guidance (including the Risk Assessment Framework and Annual Plan Guidance)

17.1.2 Prior to the start of the financial year, the Director of Finance & Resources will, on behalf of the Chief Executive, prepare and submit a draft financial plan for approval by the Board. This draft financial plan may be revised in line with the Annual Plan submitted to Monitor / NHS Improvement. Such a plan will:

- (a) be in accordance with the aims and objectives set out in the Annual Plan;
- (b) accord with workload and workforce plans;
- (c) be produced following discussion with appropriate budget holders;
- (d) be prepared within the limits of available funds;
- (e) identify potential risks; and
- (f) enable the Foundation Trust to comply with the Terms of Authorisation set out by Monitor / NHS Improvement

17.1.3 The Director of Finance & Resources shall monitor financial performance against budget and plan and detailed underlying budgets, periodically review them and report to the Board.

17.1.4 All budget holders must provide information as required by the Director of Finance & Resources to enable budgets to be compiled.

17.1.5 All budget holders will sign up to their allocated budgets at the commencement of each financial year.

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

17.2 BUDGETARY DELEGATION



17.2.1 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; and
- (f) the provision of regular reports.

17.2.2 The Chief Executive and delegated budget holders must deliver the financial plan.

17.2.3 Any budgeted funds not required to meet the financial plan revert to the control of the Chief Executive, subject to any authorised use of virement.

17.2.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority of the Chief Executive, as advised by the Director of Finance & Resources.

17.3 BUDGETARY CONTROL AND REPORTING

17.3.1 The Director of Finance & Resources 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, indicating movements in working capital; cash-flow statements and performance
 - iii) capital project spend and projected outturn against plan;
 - iv) explanations of any material variances from plan;
 - v) details of any corrective action where necessary and the Chief Executive's and/or Director of Finance & Resources's view of whether such actions are sufficient to correct the situation;
 - vi) Financial Risk Rating (FRR) of the organization; and
 - vii) an assessment of key financial risks
 - viii) analysis and recommendations on the deployment of reserves
- (b) the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;
- (c) investigation and reporting of variances from financial, workload and workforce budgets;
- (d) monitoring of management action to correct variances; and



- (e) arrangements for the authorisation of budget transfers.

17.3.2 Each Budget Holder is responsible for ensuring that:

- (a) any forecast adverse variance that 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; and
- (c) no permanent employees are appointed without the approval of the Chief Executive other than those provided for within the available resource and manpower establishment as approved by the Board monies

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

17.4 CAPITAL EXPENDITURE

17.4.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. (The particular applications relating to capital are contained in SFI 27).

17.4.2 Any officer proposing an item of capital expenditure (no matter how financed) shall submit a case to either the Transformation Board for those schemes delegated to this group or the Executive Team.

17.4.3 The Capital Investment Programme shall be submitted to the Board for its approval annually.

17.4.4 The Finance Committee monitors compliance with this approved Programme.

17.5 MONITORING RETURNS

17.5.1 The Chief Executive is responsible for ensuring that the appropriate monitoring forms are submitted to the independent regulator

18. ANNUAL ACCOUNTS AND REPORTS

18.1 ACCOUNTS

18.1.1 The Chief Executive, as accounting officer shall ensure the Trust prepares in respect of each financial year annual accounts in such form as Monitor / NHS Improvement direct.

(a)

18.1.6 The Director of Finance, on behalf of the Trust will:-

- a) prepare and submit financial returns in accordance with the accounting policies and guidance given by Monitor / NHS Improvement and HM Treasury, the Trusts accounting policies and generally accepted accounting practice.



b) prepare and submit annual financial reports as required by Monitor for each financial year in accordance with current guidelines

18.1.6 The Trust's annual accounts must be audited by an auditor appointed by the Trust's Council of Governors.

18.1.7

18.2 ANNUAL REPORT

18.2.1 The Foundation Trust is to prepare annual reports and send them to Monitor, the independent regulator. The reports are to give:

- (a) Information on any steps taken by the Foundation Trust to secure that (taken as a whole) the actual membership of its public constituencies and of the classes of the staff constituency is representative of those eligible for such membership; and
- (b) Any other information Monitor, the independent regulator, requires

The Foundation Trust is to comply with any decision by Monitor in respect of:

- (a) the form of the reports;
- (b) when the reports are to be sent; and
- (c) the periods to which the reports relate

18.2.2 The Trust will publish an annual report and the document will comply with Monitor's Code of Governance

18.3 ANNUAL PLAN

18.3.1 The Foundation Trust is to give information as to its forward planning in respect of each financial year to Monitor. The document containing this information is to be prepared by the Directors and in preparing the document, the Board of Directors must have regard to the views of the Council of Governors.

19. BANK AND OPG ACCOUNTS

19.1 GENERAL

19.1.1 The Director of Finance & Resources is responsible for managing the Trust's banking, working capital and treasury management arrangements and for advising the Trust on the provision of banking services and operation of accounts. In giving such advice, the Director of Finance & Resources will have regard to any guidance on the matter issued by the Department of Health and Monitor.

19.1.2 The Board shall approve the banking arrangements.

19.2 BANK AND GOVERNMENT BANKING SERVICES (GBS) ACCOUNTS

19.2.1 The Director of Finance & Resources is responsible for:



- (a) commercial bank accounts and GBS) accounts and other forms of working capital;
- (b) establishing separate bank accounts for the Foundation Trust's non-exchequer funds;
- (c) ensuring payments made from bank and GBS accounts do not exceed the amount credited to the account except where arrangements have been made;
- (d) arranging the availability of a working capital facility;
- (e) reporting to the Board any external borrowing requirements; and
- (f) ensuring that best value is obtained in securing loan finance and other sources of external funding

19.2.2 All accounts should be held in the name of the Foundation Trust. No officer other than the Director of Finance & Resources shall open any account or working capital facility in the name of the Foundation Trust or for the purpose of furthering Foundation Trust activities

19.3 BANKING PROCEDURES

19.3.1 The Director of Finance & Resources 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; and
- (c) the limit of any overdraft facility.

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

19.3.2 The Director of Finance & Resources shall approve security procedures for any cheques/payable orders issued without a handwritten signature. Manually produced cheques shall be signed by the authorised officer(s) in accordance with the bank mandate

19.3.3 All cheques / payable orders shall be treated as controlled stationery, in the charge of a duly designated officer controlling their issue.

19.4 TENDERING AND REVIEW

19.4.1 The Director of Finance & Resources 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.

19.4.2 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.

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



20.1 INCOME SYSTEMS

20.1.1 The Director of Finance & Resources is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due.

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

20.2 FEES AND CHARGES

20.2.1 The Foundation Trust shall follow the Department of Health's advice in the setting prices for NHS services provided by the Trust by using the NHS costing manual in setting prices for non-commercial contracts with other NHS organizations for no-tariff activity.

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

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

20.3 DEBT RECOVERY

20.3.1 The Director of Finance & Resources is responsible for the appropriate recovery action on all outstanding debts.

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

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

20.4 SECURITY OF CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUMENTS

20.4.1 The Director of Finance & Resources 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.

20.4.2 Official money shall not under any circumstances be used for the encashment of private cheques or IOUs.



20.4.3 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 & Resources.

20.4.4 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.

21. LEGALLY BINDING CONTRACTS (LBC)

21.1 The Chief Executive, as Accounting Officer, is responsible for ensuring the Foundation Trust enters into Legally Binding Contracts with PCT's and other commissioners for the provision of NHS services

21.2 The Foundation Trust will follow the detail contained within the schedules of the contract.

21.3 In discharging this responsibility, the Chief Executive should take into account:

- (a) the standards of service quality expected;
- (b) the relevant national service framework;
- (c) the provision of reliable information on cost and volume of services;
- (d) the performance assessment framework contained within the LBC; and
- (e) that the LBC builds, where appropriate, on existing partnership arrangements

21.4 The Chief Executive is to ensure that the Foundation Trust works with all partner agencies involved in both the delivery and the commissioning of the service required.

21.5 The Chief Executive, as the Accounting Officer, will ensure that regular reports are provided to the Board of Directors detailing actual and forecast income from the LBC.

21.6 Where the Foundation Trust enters into a relationship with another organisation for the supply or receipt of other services, either clinical or non-clinical, the responsible officer should ensure that an appropriate non-commercial contract is present and signed by both parties. This should incorporate:

- a description of the service and indicative activity levels
- the term of the agreement
- the value of the agreement
- the lead officer
- performance and dispute resolution procedures
- risk management and clinical governance arrangements

21.7 Non-commercial contracts should be reviewed and agreed on an annual basis or as determined by the terms of the agreement so as to ensure value for money and to minimize the potential loss of income.



22. TENDERING AND CONTRACTING PROCEDURE

22.1 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 these Standing Orders and Standing Financial Instructions.

22.2 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.

22.3 eAUCTIONS

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

22.4 DEPARTMENT OF HEALTH AND MONITOR GUIDANCE

The Trust shall comply as far as is practicable with the requirements of the Department of Health "Estatecode" and Monitor's "Protection of Assets: Guidance for NHS Foundation Trusts" 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".

22.5 FORMAL COMPETITIVE TENDERING

22.5.1 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);
- the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens); and
- disposals.

22.5.2 Health Care Services

Where the Trust elects to invite tenders for the supply of healthcare services, these 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. 23

22.5.3 Exceptions and instances where formal tendering need not be applied

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



- (a) the estimated expenditure or income does not, or is not reasonably expected to, exceed **£9,999**;
- (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.22.12

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 National agreements such as NHS Supply Chain / OGC / Buying Solutions are in place;
- (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 & Resources 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.



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

22.5.4 Fair and Adequate Competition

Where the exceptions set out in SFI Nos. 22.1 and 22.5.3 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 **three** firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.

22.5.5 List of Approved Firms

The Trust shall ensure the firms/individuals invited to tender (and where appropriate, quote) are among those on the approved lists.

22.5.6 Building, Engineering Construction Works

Competitive Tendering cannot be waived for building and engineering construction works and maintenance (other than in accordance with CONCODE).

22.5.7 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.

22.6 CONTRACTING / TENDERING PROCEDURE

The Head of Procurement must be consulted and should oversee the execution of the process for obtaining all tenders for the Trust.

22.6.1 Invitation to tender

- (i) All invitations to tender shall state the date and time as being the latest time for the receipt of tenders.
- (ii) All invitations to tender shall state that no 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 Estatecode guidance shall be followed) shall embody or be in the terms of the current edition of one of the Joint Contracts Tribunal (JCT) or Department of the Environment (GC/Wks) standard forms of contract amended to comply with Concode.

When the content of the work is primarily engineering, tenders shall embody or be in the terms of the General Conditions of Contract recommended by the Institutions 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 standard documents should be amended to comply with Concode and, in minor respects, to cover special features of individual projects.

22.6.2 Receipt and safe custody of tenders

The Trust Secretary or his nominated representative will be responsible officer 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.

22.6.3 Opening tenders and Register of tenders

- (i) As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened by the Trust Secretary (or responsible officer) plus one senior officer not from the originating department.
- (ii) The 'originating' Department will be taken to mean the Department sponsoring or commissioning the tender.
- (iii) The involvement of Finance Directorate staff in the preparation of a tender proposal will not preclude the Director of Finance & Resources or any senior officer from the Finance Directorate from serving as the senior officer to open tenders.
- (iv) 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 Secretary (or responsible officer) will count as a Director for the purposes of opening tenders.

- (vi) Every tender received shall be marked with the date of opening and initialed by those present at the opening.
- (vii) A register shall be maintained by the Head of Procurement, 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.

Procurement staff will process the tenders once opened as governed by OJEU legislation and Trust procedures.

22.6.4 Admissibility

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

22.6.5 Late tenders

- (i) Tenders received after the due time and date but prior to the opening of the other tenders, may be considered only if the Chief Executive or the Trust Secretary decides that there are 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 Trust Secretary 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 Trust Secretary.

22.6.6 Acceptance of formal tenders (See overlap with SFI No. 22.7)

- (i) 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.
- 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 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 or Director of Finance & Resources.
- (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.

22.6.7 Tender reports to the Trust Board

Reports to the Trust Board will be made on an exceptional circumstance basis only or where the value of the tender is above the delegated limits of the Executive Team.

22.6.8 List of approved firms

(a) Responsibility for maintaining list

These lists are maintained nationally, regionally or locally. The Head of Procurement will maintain the local list of approved firms. 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, Engineering and Maintenance Works

- (i) The Trust shall ensure that normally the firms invited to tender (and where appropriate, quote) are among those on the approved lists compiled. Where, in the opinion of the Director of Finance & Resources, it is desirable to seek tenders from firms not on the approved lists, the reason shall be recorded in writing to the Chief Executive for approval.
- (ii) In the case of the supply of goods, materials and related services, and consultancy services, the Chief Executive or nominated officer is satisfied as to their technical competence etc., and that the Director of Finance & Resources is satisfied that their financial standing is adequate



- (iii) In the case of the provision of healthcare services to the Trust by a private sector provider, the Director of Finance & Resources is satisfied as to their financial standing and the Director of Clinical Care and Patient Safety is satisfied as to their technical/medical competence

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

The Director of Finance & Resources 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.

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.

(d) **Other Requirements of Contracted Suppliers**

- i) Contractors shall ensure that when engaging, training, promoting or dismissing employees or in any conditions of employment, they shall not discriminate against any person by reason of colour, race, ethnicity, religion, sex, sexual orientation, age or disability and will comply with all relevant legislation.
- ii) Contractors 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 Code of Practice issued by the British Standard Institution. Contractors must provide to the appropriate manager a copy of its safety policy and evidence of the safety of plant and equipment, when requested.
- iii) Contractors shall conform to the Trust's Information Governance and Information Security policies.

22.6.9 **Exceptions to using approved contractors**

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

22.7 QUOTATIONS: COMPETITIVE AND NON-COMPETITIVE

22.7.1 **General Position on quotations**



Quotations are always required where formal tendering procedures are not adopted and where the intended expenditure or income exceeds, or is reasonably expected to exceed £999 but not exceed £9,999. Only with the authorization of the Head of Procurement should quotations be requested for goods or services likely to exceed £10,000. The Head of Procurement must always be consulted regarding the process to be followed in obtaining goods and services over £999.

22.7.2 Competitive Quotations

- (i) Quotations should be obtained from at least **three** firms/individuals based on specifications or terms of reference prepared by, or on behalf of, the Trust.
- (ii) Quotations should be in writing unless the Head of Procurement determines that it is impractical to do so in which case quotations may be obtained by telephone. Confirmation of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record.
- (iii) All quotations should be treated as confidential and should be retained for inspection.
- (iv) The Head of Procurement 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.

22.7.3 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 under the value of £9,999;
- (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.

22.7.4 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 & Resources).

22.8 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 plus Head of Procurement	up to £9,999
Chief Executive and/or Directors – (as above)	up to £49,999
Executive Team (> £50,000)	up to £99,999
Trust Board	over £100,000

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. No contract shall be signed on behalf of the Trust unless it has been authorized by the Chief Executive or an Executive Director.

22.9 INSTANCES WHERE FORMAL COMPETITIVE TENDERING OR COMPETITIVE QUOTATION IS NOT REQUIRED

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

- (a) the Trust shall use the NHS Supply Chain for procurement of all goods and services unless the Chief Executive or nominated officers deem it inappropriate. The decision to use alternative sources must be documented.
- (b) existing national or regional contracts
- (c) if the Trust does not use the NHS Supply Chain or existing national or regional contracts - where tenders or quotations are not required, because expenditure is below £3,999 - the Trust shall procure goods and services in accordance with procurement procedures approved by the Director of Finance & Resources.

22.10 COMPLIANCE REQUIREMENTS FOR ALL CONTRACTS

The Trust 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 Constitution and Standing Financial Instructions;
- (b) EU Directives and other statutory provisions;
- (c) any relevant directions including the Capital Investment Manual, 'Estatecode' 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; and



- (g) in all contracts made by the Trust, the Trust 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.

22.11 PERSONNEL AND AGENCY OR TEMPORARY STAFF CONTRACTS

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

22.12 DISPOSALS

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

- (a) any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or 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 Trust policy;
- (c) items to be disposed of with an estimated sale value of less than £7,500, this figure to be reviewed on a periodic basis;
- (d) items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;
- (e) land or buildings classified as 'protected'. Disposals of these properties/land shall be subject to compliance with Monitor's guidance for Foundation Trusts' 'Protection of Assets'.

22.13 IN-HOUSE SERVICES

22.13.1 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.

22.13.2 In all cases where the Trust 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 & Resources representative. For services having a likely annual expenditure exceeding £50,000, a Non-Executive Director should be a member of the evaluation team.



22.13.3 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.

22.13.4 The evaluation team shall make recommendations to the Trust Board.

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

22.14 APPLICABILITY OF SFIs ON TENDERING AND CONTRACTING TO FUNDS HELD IN TRUST

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

22.15 DECLARED INTERESTS

Trust staff, including Trust Board members, must declare any interests of a nature personally beneficial, either directly or indirectly to them which may affect or be affected by a contract other than their own employment contract which the Trust has let or is considering letting.

Trust staff may not use their own employment with the Trust to influence the awarding of any contract in which they have any interest, either director or indirect.

Where an interest creates a potential conflict of interest, this should be reported to the Trust Secretary.

The Trust Secretary, in liaison with the Director of Finance & Resources, will then review the conflict of interest and where the member of staff has a direct influence over the Trust's purchasing decisions or is privy to information that would provide an unfair advantage to the organization or company, advise the individual on a recommended course of action:

- (i) the employee cannot participate in a particular purchasing decision;
- (ii) the employee may participate but will be cautioned to act in the best interests of the Trust;
- (iii) the Trust Board will be advised that the Trust will not contract with that organization or company whilst the conflict of interest exists

23. NHS SERVICE AGREEMENTS FOR PROVISION OF SERVICES

23.1 SERVICE CONTRACTS

23.1.1 The Chief Executive, as the Accounting Officer, is responsible for ensuring the Trust enters into suitable contracts with service commissioners for the provision of NHS services.

All contracts should aim to implement the agreed priorities contained within the Annual Plan and wherever possible, be based upon integrated care pathways to reflect expected patient experience. In discharging this responsibility, the Chief Executive should take into account:

- the standards of service quality expected;



- the relevant national service framework (if any);
- the provision of reliable information on cost and volume of services;
- the NHS National Performance Assessment Framework;
- Care Quality Commission (CQC) registration requirements;
- that contracts to build, where appropriate, on existing partnership arrangements;
- that contracts are based on integrated care pathways;
- CQUIN priorities
- Quality Account priorities
- National Institute of Clinical Excellence (NICE) guidelines
- Joint Royal Colleges and Ambulance Liaison Committee (JRCALC)

23.2 INVOLVING PARTNERS AND JOINTLY MANAGING RISK

A good contract 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 contract 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.

23.3 REPORTS TO THE TRUST BOARD ON CONTRACTS

The Chief Executive, as the Accounting Officer, will need to ensure that regular reports are provided to the Board detailing actual and forecast income from the contract and any risk associated with the contract.

24. TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF THE TRUST BOARD AND EMPLOYEES

24.1 REMUNERATION AND TERMS OF SERVICE

24.1.1 The Trust Board shall have a Nomination & Remuneration Committee, with clearly defined Terms of Reference specifying which posts fall within its area of responsibility and the arrangements for reporting. The Committee shall comprise the Chair of the Board of Directors and all independent Non-Executive Directors.

24.1.2 The full Terms of Reference for the Nomination & Remuneration Committee will be held by the Trust Secretary.



24.1.3 The Council of Governors, at a General Meeting, will decide the remuneration and allowances and other terms and conditions of office of the Non-Executive Directors.

24.2 FUNDED ESTABLISHMENT

24.2.1 The workforce plans incorporated within the annual budget will form the funded establishment. The staffing establishment of the Foundation Trust will be identified and monitored by the Director of Strategy, Transformation and Workforce (ST&W)) under delegation from the Chief Executive.

24.2.2 The funded establishment of any department may not be varied without the approval of the Chief Executive or individual nominated within the relevant section of the Scheme of Delegation.

24.3 STAFF APPOINTMENTS

24.3.1 No Executive 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; and
- (b) within the limit of their approved budget and funded establishment.

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

24.4 PROCESSING PAYROLL

24.4.1 The Director of ST&W in conjunction with the Director of Finance & Resources, is responsible for:

- (a) specifying timetables for submission of properly authorised time records and other notifications;
- (b) the final determination of pay and allowances; including verification that the rate of pay and relevant conditions of service are in accordance with current arrangements
- (c) making payment on agreed dates;
- (d) agreeing method of payment;
- (e) security and confidentiality of payroll information; and
- (f) authority to release payroll data under the provisions of the Data Protection Act

24.4.2 The Director of ST&W will issue instructions regarding:

- (a) verification and documentation of data; and
- (b) timetable for receipt and preparation of payroll data and the payment of employees and allowances

24.4.3 The Director of Finance & Resources will issue instructions regarding:



- (a) maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
- (b) checks to be applied to completed payroll before and after payment;
- (c) methods of payment available to various categories of employee and officers;
- (d) procedures for payment by cheque, or bank credit, to employees and officers;
- (e) procedures for the recall of cheques and bank credits;
- (f) pay advances and their recovery;
- (g) maintenance of regular and independent reconciliation of pay control accounts;
- (h) separation of duties of preparing records and handling cash; and
- (i) 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 Foundation Trust.

24.4.4 Appropriately nominated managers have delegated responsibility for:

- (a) processing a signed copy of the contract/appointment form and such other documentation as may be required immediately upon an employee commencing duty;
- (b) submitting time records and other notifications in accordance with agreed timetables;
- (c) completing time records and other notifications in accordance with the Director of ST&W and in the form prescribed by that Director;
- (d) submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's or officer's resignation, termination or retirement. Where an employee fails to report for duty or to fulfill obligations in circumstances that suggest they have left without notice, the Director of ST&W must be informed immediately. In circumstances where fraud might be expected, this must be reported to the Director of Finance & Resources.

24.4.5 Regardless of the arrangements for providing the payroll service, the Director of ST&W in conjunction with the Director of Finance & Resources 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.

24.5 CONTRACTS OF EMPLOYMENT

24.5.1 The Board of Directors shall delegate responsibility to a manager for:

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



25. NON-PAY EXPENDITURE

25.1 DELEGATION OF AUTHORITY

25.1.1 The Board will, through its Scheme of Delegation, set levels of non-pay expenditure authorization to managers of the Trust.

25.2 CHOICE, REQUISITIONING, ORDERING, RECEIPT AND PAYMENT FOR GOODS AND SERVICES

25.2.1 Requisitioning

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 and in so doing, the advice of the Trust's adviser on supply must be sought for goods/services as follows:

Up to £999 at the discretion of the requisitioner

£1000 to £24,999 – Budget Holder to authorise – but then either obtaining three quotations or tender following advice from Head of Procurement

£25,000 to OJEU Limit – Tender process required

Over the OJEU limit – tender following EU procurement law

25.2.2 System of Payment and Payment Verification

The Director of Finance & Resources 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 the Public Sector Payment Policy.

The Director of Finance & Resources 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 the Scheme of Delegation and regularly reviewed;
- (b) prepare procedural instructions or guidance [where not already provided in the Scheme of Delegation or procedure notes for budget holders] 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 & Resources 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) ensure that orders above specified thresholds are advertised and awarded in accordance with EU and rules on public procurement.

25.2.3 Prepayments

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

- (a) Prepayments are only permitted where the financial advantages outweigh the disadvantages;
- (b) The appropriate officer must provide, in the form of a written report, 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 & Resources 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.

25.2.4 Official Orders



Official Orders must:

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

No order shall be issued for any item or items to any firm which has made an offer of gifts reward or benefit to Director or employees, other than:

- (a) Isolated gifts of a trivial character or inexpensive seasonal gifts such as calendars; and
- (b) Conventional hospitality such as lunches in the course of working visits

Employees must comply with the Trust's "Standards of Business Conduct for Trust Staff"

25.2.5 Duties of Managers and Officers

Managers must ensure that they comply fully with the guidance and limits specified by the Director of Finance & Resources 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 & Resources 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 Monitor / NHS Improvement;
- (d) where an officer certifying accounts relies upon other officers to do preliminary checking, they shall, wherever possible, ensure that those who check delivery of execution of work, act independently of those who have placed orders and negotiated prices and terms;
- (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 & Resources on behalf of the Chief Executive;
- (f) all goods, services, or works are ordered on an official order except:
 - (i) works and services executed in accordance with an existing contract
 - (ii) purchases from petty cash
 - (iii) purchases made via a purchasing card;
 - (iv) reimbursements and other payments not relating to the ordering of goods and services
 - (v) expenditure listed on any permitted list as agreed with the Director of Finance & Resources. These are items of expenditure where alternative methods of control have been identified and documented



- (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 Foundation 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 & Resources;
 - (k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance & Resources;
 - (l) petty cash records are maintained in a form as determined by the Director of Finance & Resources
 - (m) purchases made with purchasing cards are restricted by type in accordance with instructions issued by the Director of Finance & Resources
 - (o) purchasing card records are maintained in a form as determined by the Director of Finance & Resources
- 25.2.6 The Chief Executive and Director of Finance & Resources shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within 'CONCODE' and 'ESTMANCODE'. The technical audit of these contracts shall be the responsibility of the relevant Director.

25.3 JOINT FINANCE ARRANGEMENTS WITH LOCAL AUTHORITIES AND VOLUNTARY BODIES

- 25.3.1 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 & Resources which shall be in accordance with these Acts.

26. BORROWING AND INVESTMENT

26.2 PUBLIC DIVIDEND CAPITAL

- 26.2.1 On authorization as a Foundation Trust, the Public Dividend Capital held immediately prior to authorization, continues to be held on the same conditions (Initial Dividend Capital).

26.4 COMMERCIAL BORROWING AND INVESTMENT

- 26.4.1 The Foundation Trust may borrow money from the Foundation Trust Financing Facility or any commercial sources for the purpose of, or in connection with, its functions subject to the Foundation Trust's Scheme of Delegation.



26.4.2 The Foundation Trust may invest money (other than money held by it as charitable trustee) for the purposes of, or in connection with, its functions. Such investment may include forming or participating in forming or otherwise acquiring membership of bodies corporate.

26.5 INVESTMENT OF TEMPORARY CASH SURPLUSES

26.5.1 Temporary cash surpluses must be held in such public and private sector investments as authorized by the Board of Directors.

26.5.2 Investments should only be made in accordance with the approved Treasury Management Policy which has been considered by Finance Committee and approved by the Board and includes instructions on:

- (a) safe harbor investments
- (b) treasury management
- (c) attitude to risks in key treasury activity
- (d) controls
- (e) borrowing
- (f) authorized delegated limits
- (g) reporting
- (h) performance management

26.5.3 The Director of Finance & Resources is responsible for advising the Board of Directors on Investments and shall report periodically to the Board of Directors concerning performance of investments held.

26.5.4 The Director of Finance & Resources will prepare detailed procedural instructions on investment operations and on the records to be maintained.

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

27.1 CAPITAL INVESTMENT

27.1.1 The Chief Executive:

- (a) shall ensure that there is an adequate appraisal and approval process in place, in line with the Trust's Capital Investment Policy, for determining capital expenditure priorities and the effect of each proposal upon business plans;
- (b) is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost; and
- (c) shall notify the independent regulator of any investment that is deemed to be material or significant (as defined in the Compliance Framework).

27.1.2 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) appropriate project management and control arrangements;
 - (iii) the source of funding
 - (iv) key risks and mitigating actions;
 - (v) the involvement of appropriate Foundation Trust personnel and external agencies; and
- (b) that the Director of Finance & Resources has certified professionally to the costs and revenue consequences detailed in the business case.

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

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

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

27.1.6 The approval of capital expenditure shall be in accordance with the Trust's Scheme of Delegation and the Foundation Trust's tendering and contracting procedures.

27.1.7 The approval of a capital programme shall **not** constitute approval for expenditure on any scheme.

27.1.8 The Director of Finance & Resources shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes.

27.2 PRIVATE FINANCE

27.2.1 The Trust should normally test for Private Finance Initiatives (PFI) when considering material capital procurement. When the Trust proposes to use finance that is provided through the private sector, the following procedures shall apply:

- (a) The Director of Finance & Resources shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
- (b) The proposal must be specifically agreed by the Board.
- (c) The selection of private sector provider must be on the basis of competitive tendering

27.2.2 The Director of Finance & Resources is responsible for ensuring that:



- (a) A programme of service delivery inspections is in place to ensure contract terms are monitored;
- (b) Payments to PFI partners are authorized in accordance with the contracted availability and performance factors;
- (c) Clearly established Dispute Resolution procedures are in operation;
- (d) Effective procedures for agreement of changes to service delivery; and
- (e) The service is market tested in line with the contract

27.3 LEASING AND PURCHASES BY DEFERRED PAYMENT

The permission of the Director of Finance & Resources must be obtained in advance where goods or services are obtained on deferred payment terms (including hire purchases, leasing, extended credit) involving either the delay of part of the payment into a future financial year or the incurring of additional charges beyond the cash price of the goods or services.

The Director of Finance & Resources shall establish procedures to ensure value for money is properly assessed in any such deferred payment proposal.

27.4 ASSET REGISTERS

27.4.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Director of Finance & Resources 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 on an on-going basis. The minimum data set to be held within these registers shall be in accordance with the International Finance Reporting Standards (IFRS) and the International Accounting Standards (IAS)

27.4.2 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.

27.4.3 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).

27.4.4 The Director of Finance & Resources shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.

27.4.5 The value of each asset shall be indexed to current values in accordance with best practice to ensure compliance with IFRS and IAS.



27.4.6 The value of each asset shall be depreciated using methods and rates as to ensure compliance with IFRS and IAS.

27.4.7 The Director of Finance & Resources of the Trust shall calculate and pay capital charges as specified in the Capital Accounting Manual issued by Monitor / NHS Improvement.

27.5 SECURITY OF ASSETS

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

27.5.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Director of Finance & Resources. This procedure shall make provision for:

- (a) recording managerial responsibility for each asset;
- (b) identification of additions and disposals;
- (c) identification of all repairs and maintenance expenses;
- (d) physical security of assets;
- (e) periodic verification of the existence of, condition of, and title to, assets recorded;
- (f) identification and reporting of all costs associated with the retention of an asset; and
- (g) reporting, recording and safekeeping of cash, cheques, and negotiable instruments.

27.5.3 All discrepancies revealed by verification of physical assets to the fixed asset register shall be notified to the Director of Finance & Resources.

27.5.4 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.

27.5.5 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.

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

28. STORES AND RECEIPT OF GOODS

28.1 GENERAL POSITION

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



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

28.2 CONTROL OF STORES, STOCKTAKING, CONDEMNATIONS AND DISPOSAL

28.2.1 Subject to the responsibility of the Director of Finance & Resources 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 & Resources. 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.

28.2.2 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.

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

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

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

28.2.6 The designated Manager/Pharmaceutical Officer shall be responsible for a system approved by the Director of Finance & Resources 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 & Resources any evidence of significant overstocking and of any negligence or malpractice. Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

28.3 GOODS SUPPLIED BY THE NHS SUPPLY CHAIN

28.3.1 For goods supplied via the NHS Supply Chain central warehouses, the Chief Executive shall identify those authorised to requisition and accept goods from the store. The authorised person shall check receipt against the delivery note before forwarding this to the Director of Finance & Resources who shall satisfy himself that the goods have been received before accepting the recharge.

29. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

29.1 DISPOSALS AND CONDEMNATIONS

29.1.1 Procedures

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



29.1.2 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 & Resources of the estimated market value of the item, taking account of professional advice where appropriate.

29.1.4 All unserviceable articles shall be:

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

29.1.5 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 & Resources who will take the appropriate action.

29.2 LOSSES AND SPECIAL PAYMENTS

29.2.1 Procedures

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

29.2.2 Special Payments are those which fall outside the normal day-to-day business of the Trust or exceptionally, those for which no statutory authority exists. They fall into one of four main categories:

- Compensation payments made under legal obligation
- Extra-contractual payments to contractors
- Ex-gratia payments; and
- Extra statutory or extra regulatory payments

29.2.3 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 officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Director of Finance & Resources and/or Chief Executive. Where a criminal offence is suspected, the Director of Finance & Resources 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 & Resources must inform the relevant Local Counter Fraud Specialist (LCFS) who will then inform the relevant NHS Protect regional team in accordance with Secretary of State Directions

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

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

- (a) the Board,



- (b) the External Auditor.
- 29.2.6 Within limits delegated to it by the Department of Health, the Board shall approve the writing-off of losses.
- 29.2.7 The Director of Finance & Resources shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.
- 29.2.8 For any loss, the Director of Finance & Resources should consider whether any insurance claim can be made.
- 29.2.9 The Director of Finance & Resources shall maintain a Losses and Special Payments Register in which write-off action is recorded.
- 29.2.10 No special payments exceeding delegated limits shall be made without the prior approval of the Treasury.
- 29.2.11 All losses and special payments must be reported to the Audit Committee at every meeting.
- 29.2.12 Where employees are aware of under or over salary payments, they are responsible for informing the Human Resources department of this. Employees are also responsible for the prompt repayment of any salary overpayments.

30. INFORMATION TECHNOLOGY

30.1 RESPONSIBILITIES AND DUTIES OF THE DIRECTOR OF FINANCE & RESOURCES

- 30.1.1 The Director of Finance & Resources, 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 adequate controls exist to maintain the security, privacy, accuracy and completeness of financial data sent via transmission networks
 - (e) 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.



30.1.2 The Director of Finance & Resources 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.

30.1.3 The Trust Secretary shall publish and maintain a Freedom of Information (FOI) Publication Scheme, or adopt a model Publication Scheme approved by the information Commissioner. A Publication Scheme is a complete guide to the information routinely published by a public authority. It describes the classes or types of information about our Trust that we make publicly available.

30.2 RESPONSIBILITIES AND DUTIES OF OTHER DIRECTORS AND OFFICERS IN RELATION TO COMPUTER SYSTEMS OF A GENERAL APPLICATION

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

- (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.

30.3 CONTRACTS FOR COMPUTER SERVICES WITH OTHER HEALTH BODIES OR OUTSIDE AGENCIES

30.3.1 The Director of Finance & Resources 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.

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

30.4 RISK ASSESSMENT

The Director of Finance & Resources 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.

30.5 REQUIREMENTS FOR COMPUTER SYSTEMS WHICH HAVE AN IMPACT ON CORPORATE FINANCIAL SYSTEMS

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

31. PATIENTS' PROPERTY

- 31.1 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.
- 31.2 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**)
 - 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.
- 31.3 The Director of Finance & Resources must provide detailed written instructions on the collection, custody, , 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.
- 31.5 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.
- 31.6 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.
- 31.7 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.

32. FUNDS HELD ON TRUST

32.1 CORPORATE TRUSTEE

- 32.1.1. Standing Order No. 2 outlines the Trust's responsibilities as a corporate trustee for the management of funds it holds on trust. The Trust Board shall establish a Charitable Funds Committee to administer charitable funds in accordance with legal, best practice and Charities Commission guidance.



32.1.2 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.

32.1.3 The Director of Finance & Resources shall ensure that each individual fund is managed appropriately with regard to its purpose and to its requirements

32.2 ACCOUNTABILITY TO CHARITY COMMISSION

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

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

32.3 APPLICABILITY OF STANDING FINANCIAL INSTRUCTIONS TO FUNDS HELD ON TRUST

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

32.3.2 The over-riding principle is that the integrity of each Trust must be maintained and statutory and Trust obligations met. Materiality must be assessed separately from Exchequer activities and funds.

33. ACCEPTANCE OF GIFTS BY STAFF AND LINK TO STANDARDS OF BUSINESS CONDUCT

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

34. RETENTION OF RECORDS

34.1 The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with Department of Health guidelines the Freedom of Information Act 2000 and other relevant authorities

34.2 The records held in archives shall be capable of retrieval by authorised persons.

34.3 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.

35. RISK MANAGEMENT AND INSURANCE

35.1 PROGRAMME OF RISK MANAGEMENT



35.1.1 The Chief Executive shall ensure that the Trust has a programme of risk management, in accordance with current NHS Assurance Framework requirements 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; and
- 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 through the Annual Governance Statement within the Annual Report and Accounts.

35.1.2 The Board of Directors shall approve, at least annually, the Assurance Framework

35.1.3 The Trust Board should arrange appropriate insurance to cover the risk of legal action against its Directors

35.2 INSURANCE: RISK POOLING SCHEMES ADMINISTERED BY NHS LITIGATION AUTHORITY

The Director of Finance & Resources 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 it is decided 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.

35.3 INSURANCE ARRANGEMENTS WITH COMMERCIAL INSURERS

35.3.1 The Director of Finance & Resources will ensure that the cover provided by any commercial insurance contracts is appropriate to the needs of the Trust and incorporated into the programme of risk management.

35.3.2 The Director of Finance & Resources will conduct an annual review of the continuing appropriateness of commercial insurance contracts



35.3.3 The Director of Finance & Resources will report to the Board on the Trust's contracts for commercial insurance within the annual review of the Trust's arrangements for risk management

35.4 ARRANGEMENTS TO BE FOLLOWED BY THE DIRECTOR OF FINANCE & RESOURCES IN AGREEING INSURANCE COVER

35.4.1 Where it is decided to use the risk pooling schemes administered by the NHS Litigation Authority, the Director of Finance & Resources shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Director of Finance & Resources shall ensure that documented procedures cover these arrangements.

35.4.2 Where it is decided 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 & Resources shall ensure that the Board is informed of the nature and extent of the risks that are self-insured or insured with commercial insurers as a result of that decision. The Director of Finance & Resources 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.

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



VERSION CONTROL -STANDING FINANCIAL INSTRUCTIONS

Version	Date	Author	Status	Comment
1	November 2011	Dorothy Teasdale	Ratified	Amendments required following Authorisation as a Foundation Trust
2	January 2013	Dorothy Teasdale	Ratified	Review of Delegated Limits – Commercial Development Group
3	April 2013	Dorothy Teasdale	Ratified	Amendment to reflect that the Trust Secretary can nominate a responsible officer to open tenders
4	October 2013	Dorothy Teasdale	Updated	Amendment to reflect merging of Revenue Investment Group and Capital Monitoring Group
5	April 2016	Judith Hurrell	Updated	Amendments made throughout, including: updates to fraud and corruption, annual accounts process, requisitioning, and removal of protected property section <i>(Note this is classified on Q-Pulse as version 1)</i>