



# Group Standing Financial Instructions

## Document Control Sheet

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This document covers both the Trust (North East Ambulance Service NHS Foundation Trust) and its subsidiary company North East Ambulance Service Unified Solutions (NEASUS). References to NEAS or Trust within this policy also cover NEASUS and its employees.



## 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 & Social Care) 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 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 Trust.



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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 within our effective use and protection of public funds. They are designed to ensure that the Trust's financial transactions are carried out in accordance with all applicable law, regulation and Government policy in order to achieve probity, accuracy, 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 that apply to everyone working for the Trust and its constituent organisations, including Trading Units (e.g. NEASUS). 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 Group Director of Finance & Contracting. Current delegated financial authorisation limits are available from the Financial Services Team
- 15.1.4 Should any difficulties arise regarding the interpretation or application of any of the SFIs, then the advice of the Group Director of Finance & Contracting must be sought before any action is taken. 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 or circumstances around the non-compliance shall be reported to the Group Director of Finance & Contracting as soon as possible. The Group Director of Finance & Contracting will, in cases of material breach, report the matter to the next formal meeting of the Audit Committee.

Members of the Board and employees may also raise concerns and/or instances of non-compliance through the Trust's [Freedom to Speak Up: Raising Concerns 'whistleblowing' policy](#).

- 15.1.7. Board members and employees must be aware of and work within the [Standards of Business Conduct Policy](#) that further sets out The Trust's position.

### 15.2 TERMINOLOGY

- 15.2.1 Any expression to which a meaning is given within Health Service Acts or in Directions made under such 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 organisation;
- e) **"Chief Executive"** means the Chief Officer of the Trust;
- f) **"Group Director of Finance & Contracting"** 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;
- k) **"Trust"** means the North East Ambulance Service NHS Foundation Trust.
- l) **"NHS Improvement"** means the Regulator appointed under the National Health Service Act 2006 to regulate NHS Foundation Trusts. From 1st April 2016 Monitor became part of NHS Improvement.

15.2.2. Wherever the title Chief Executive, Group Director of Finance & Contracting 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 GROUP DIRECTOR OF FINANCE & CONTRACTING**

The Chief Executive and Group Director of Finance & Contracting 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 the Trust's 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 GROUP DIRECTOR OF FINANCE & CONTRACTING**

The Group Director of Finance & Contracting is responsible for:

- (a) implementing the Trust's financial policies and for coordinating any corrective action necessary to update, improve and maintain adherence;
- (b) maintaining an effective system of internal financial control, including the preparation of detailed financial procedures and systems incorporating the principles of separation of duties, ensuring 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 regulatory 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 Group Director of Finance & Contracting include:

- (e) the provision of financial advice to other members of the Board and employees;
- (f) the design, implementation and supervision of systems of internal financial control; and
- (g) 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, individually and collectively, are responsible for:

- (a) the security of the property of the Trust;
- (b) avoiding loss;
- (c) exercising efficiency and effectiveness in the use of resources; and
- (d) conforming to the requirements of the Trust's Standing Orders, Standing Financial Instructions, Financial, Procurement and Contracting 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 Group Director of Finance & Contracting

#### 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 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 NHS Improvement (NHSI), the independent regulator and/or the Department of Health & Social Care (but to the Group Director of Finance & Contracting in the first instance).
- 16.1.7 It is the responsibility of the Group Director of Finance & Contracting 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 GROUP DIRECTOR OF FINANCE & CONTRACTING**

- 16.2.1 The Group Director of Finance & Contracting 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 & Social Care 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 Group Director of Finance & Contracting, 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 fulfil 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 Group Director of Finance & Contracting 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 Group Director of Finance & Contracting. The reporting system for internal audit shall be agreed between the Group Director of Finance & Contracting, 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 Public Sector Internal Audit Standards. 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 Group Director of Finance & Contracting 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 Counter Fraud Authority.

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 & Social Care Fraud and Corruption Manual Guidance.

The Local Counter Fraud Specialist shall report to the Foundation Trust Group Director of Finance & Contracting and shall work with the staff in NHS Counter Fraud Authority in accordance with the NHS Anti-fraud guidance issued by them.

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 Subject to 22.5, the Council of Governors shall confirm the appointment of 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 NHSI, if the issue cannot be resolved.

- 16.5.2 External Audit responsibilities, in compliance with the requirements of NHSIE, are to provide:-
- \* an audit opinion on the Annual Report and Accounts for the Group, Trust and Subsidiary.
  - \* 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 Counter Fraud Authority.
- 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 the independent regulator as set out in its prevailing guidance (including the current regulatory assessment framework and Annual Plan Guidance)
- 17.1.2 Prior to the start of the financial year, the Group Director of Finance & Contracting 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 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 Group Director of Finance & Contracting 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 Group Director of Finance & Contracting 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 Group Director of Finance & Contracting 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 Group Director of Finance & Contracting.



### 17.3 BUDGETARY CONTROL AND REPORTING

17.3.1 The Group Director of Finance & Contracting 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 Group Director of Finance & Contracting' view of whether such actions are sufficient to correct the situation;
  - vi) Use of Resources and other metrics specified by NHSI 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 comprehensive 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 the Trust Board, Performance and Finance Committee, Executive Management Group, Executive Team, Capital Management Group or Group Director of Finance & Contracting (depending upon the value of the expenditure). The delegated limits are documented in the Reservation and Delegation of Powers document and within the Trust's Investment Policy.

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

17.4.4 The Performance and 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 NHS Improvement direct.

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

a) prepare and submit financial returns in accordance with the accounting policies and guidance given by NHS Improvement and HM Treasury, the Trust's accounting policies and generally accepted accounting practice.

b) prepare and submit annual financial reports as required by NHSI 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.

#### **18.2 ANNUAL REPORT**



- 18.2.1 The Chief Executive shall prepare an annual report and send it to the independent regulator. The report provides:
- (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 the independent regulator requires

The Foundation Trust shall comply with any decision by NHSI in respect of:

- (a) the form of the report;
- (b) when the report is to be sent; and
- (c) the periods to which the report relates

18.2.2 The Trust will publish the annual report as required by the guidance issued by the independent regulator.

### **18.3 ANNUAL PLAN**

18.3.1 The Foundation Trust shall provide such information as to its forward planning in respect of each financial year as required by the independent regulator. 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 Group Director of Finance & Contracting 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 Group Director of Finance & Contracting will have regard to any guidance on the matter issued by the Department of Health & Social Care and NHSI.

19.1.2 The Board shall approve the banking arrangements.

### **19.2 BANK AND GOVERNMENT BANKING SERVICES (GBS) ACCOUNTS**

19.2.1 The Group Director of Finance & Contracting 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 where required;
- (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 Group Director of Finance & Contracting 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 Group Director of Finance & Contracting 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 Group Director of Finance & Contracting must advise the Trust's bankers in writing of the conditions under which each account will be operated.

19.3.2 The Group Director of Finance & Contracting 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 Group Director of Finance & Contracting 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 except where centrally procured.

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 Group Director of Finance & Contracting 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 Group Director of Finance & Contracting 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 & Social Care's advice in 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 Group Director of Finance & Contracting is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health & Social Care 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 & Social Care's Commercial Sponsorship – Ethical standards in the NHS shall be followed.

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

20.2.4 Further requirements and guidance can be found within the Costing and Pricing for External Contracts Policy, which should be read in conjunction with these Standing Financial Instructions.

### **20.3 DEBT RECOVERY**

20.3.1 The Group Director of Finance & Contracting 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 Group Director of Finance & Contracting 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 Group Director of Finance & Contracting.

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 commissioners who engage the Trust 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 where applicable;
- (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 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 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 PUBLIC CONTRACTS REGULATIONS AND STANDING FINANCIAL INSTRUCTIONS**

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

### **22.2 EU DIRECTIVES GOVERNING PUBLIC PROCUREMENT**

The European Union Procurement Directive 2014/24/EC is enforced in UK law by the Public Contract Regulations 2015 and shall have precedence within these Standing Financial Instructions.

### **22.3 e-AUCTIONS**

The Trust has procedures in place within the Procurement Policy for the control of all tendering activity through e-auctions.

### **22.4 DEPARTMENT OF HEALTH & SOCIAL CARE (DHSC) NHS ENGLAND (NHSE) AND NHS IMPROVEMENT (NHSI)**

The Trust shall consider, as far as is practicable and applicable, any guidance and proposed change issued by the DHSC, NHSE or NHSI

### **22.5 FORMAL COMPETITIVE TENDERING**

#### **22.5.1 General Applicability**

The Trust shall ensure that competitive tendering is undertaken for:



- the supply of all goods, works, services and utilities;
- for the retendering of all existing contracts prior/upon their expiry;
- where market changes impact the efficiency & effectiveness of an existing contract;
- For the disposal and/or end of life recycling of redundant goods and equipment that may present a cost or potential income stream to the Trust.

#### 22.5.2 Health Care Services

Where the Trust tenders for the provision of healthcare services, the Trust shall do so via the Light Touch Regime as set out within the Public Contract Regulations, and up to the applicable threshold as may be set from time to time. Tenders above the applicable threshold shall comply with standard EU procurement processes. 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

Following discussion and confirmation from the Head of Procurement & Contracts, formal tendering procedures **need not be applied** where:

- (a) the estimated Trust wide expenditure or income does not, or is not reasonably expected to, exceed **£25,000 over a standard four (4) year period**;
- (b) where the provision is proposed under special arrangements and/or funding arrangements negotiated by the DHSC (or other funding body) in which event the said special arrangements must be complied with, or a pre-determined provider must be used;
- (c) where the provision can be obtained under a framework agreement that permits direct award and that has itself been procured in compliance with the Regulations and duties set out. The Trust must ensure it is entitled to access such a framework agreement and has reviewed the framework to determine appropriate quality standards and/or value for money will be achieved;
- (d) where the requirement is covered by an existing contract and Trust wide demand must be channelled through it;
- (e) regarding disposals as set out in Standing Financial Instructions No.22.12

Following discussion and confirmation from the Head of Procurement & Contracts, and with the exception of above threshold procurements; formal tendering procedures **may be waived** in the following circumstances:

- (a) 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 or benefit from formal tendering procedures, and the



circumstances are detailed in an appropriate Trust record;

- (b) where National agreements such as the operating model and category towers offer access to the required goods and services via NHS Supply Chain;
- (c) where the timescale genuinely precludes competitive tendering and where sufficient time and consideration were not available to allow appropriate planning and process. Failure to plan the work properly or allow sufficient time to complete the required tender process would not be regarded as a justification to waive formal process. This applies to those tenders below EU thresholds only.
- (d) Where there is a potential and demonstrable risk to health or life and immediate provision is needed.
- (e) where specialist expertise or supply is required and is available from only one source (proprietary supplier);
- (f) when the task is essential to complete a project, and arises as a consequence of a recently completed assignment, and engaging a different provider for the new task would be inappropriate, incur additional and avoidable cost, or where a different provider would cause issues with compatibility or interoperability;
- (g) 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;
- (h) for the provision of legal advice and services where a change of provider would be to the detriment of the Trust, and 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).

The waiving of competitive tendering procedures should not be used to avoid competition, for administrative convenience, or to award further work to a supplier 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 a waiver form, signed by the Head of Procurement & Contracts and the Group Director of Finance & Contracting and stored in an appropriate Trust record to be reported to the Audit Committee at each meeting.

#### **22.5.4 Fair and Open Competition**

Subject to the Public Contract Regulations, all tender activity below EU threshold values shall be tendered openly and without restriction. Tenders above EU threshold value will be also be tendered openly unless there are clear and demonstrable grounds to follow an alternative procurement procedure.



For low level quotations, no less than **three** firms/individuals will be invited to quote, having regard to their capacity to supply the goods/works/services/utilities required. At all times consideration must be given to the open publication of the quote requirement as a tender, should the potential for greater benefit and competition exist.

#### 22.5.5 List of Contracted Firms

The Trust shall ensure the firms/individuals who are formally contracted to the Trust are maintained and referenced within a contracts register, outlining contract start and expiry dates and the purpose of the contract. Guidance notes covering when and why each contract is to be used shall also be provided and published alongside the contract register via the Trust intranet.

#### 22.5.6 Building, Engineering and Construction Works

Competitive Tendering cannot be waived for building and engineering construction works as building and fire safety regulations must be taken into consideration at all times.

#### 22.5.7 Contracts that subsequently breach thresholds after original tendering/approval

Items estimated to be below the limits set in this Standing Financial Instruction for which formal tendering procedures are to be followed, and which subsequently prove to have a value above such limits, shall initially be reported to the Head of Procurement & Contracts for consideration and rectification. Where such breach cannot be rectified through appropriate corrective action, retendering or review of regulations, it shall be reported to the Chief Executive, and be recorded in an appropriate Trust record.

### 22.6 CONTRACTING / TENDERING PROCEDURE

The Head of Procurement & Contracts must be consulted on all tenders, contract renewals and retendering. The Head of Procurement & Contracts should oversee the planning, preparation and execution of all stages of the process for the Trust.

#### 22.6.1 Invitation to tender (ITT)

- (i) All tenders shall use the Trust's standard ITT document, as maintained by the Head of Procurement & Contracts
- (ii) All ITT's shall contain:
  - Guidance on the purpose of the tender and how to take part;
  - Proposed term of the contract and the NHS Terms & Conditions that will apply;
  - The evaluation and scoring criteria to be applied;
  - A specification of requirements (i.e. what the Trust wishes to Procure);
  - Milestones dates for:
    - the receipt of clarification questions,
    - tender submissions,
    - the evaluation stage,



- standstill period start and end,
  - contract award and commencement.
- (iii) All ITT's shall state that no tender will be accepted unless:
- (a) submitted via the Trusts electronic tender management solution;
  - (b) submitted via a completed Trust issue ITT document;
  - (c) all required sections are completed and any requested evidence provided
  - (d) all guidance and processes governing the process have been followed
- (iv) Every tender for goods, works, services, utilities or disposals shall be based on and subject to NHS Standard Terms & Conditions of Contract, as are applicable. The only exception would be where the Trust accesses a public sector framework agreement, established by a recognised public body (e.g. Crown Commercial Services).

#### 22.6.3 Receipt and Processing of Tenders

- (i) As required within Public Contract Regulations, all tender activity is undertaken electronically via the Trust's e-procurement portal.
- (ii) As all portal activity (Trust & Supplier) is date stamped and recorded for audit purposes, no manual recording mechanism will be maintained.
- (iii) As soon as practicable after the date and time for tender returns, they shall be downloaded by the Head of Procurement & Contracts and securely stored within the Trust's shared drive. Upon which the received tenders will be forwarded to the respective evaluation panel for consideration, overseen by the Head of Procurement & Contracts.
- (iv) The 'originating' Department will be taken to mean the Department sponsoring or requesting the tender to be undertaken.
- (v) The involvement of Finance Directorate staff in the assessment of submitted pricing may be requested as part of the evaluation process.
- (vi) At the Trust's sole discretion, incomplete tenders, i.e. those from which information necessary for the evaluation of the tender is missing, may be returned to the tenderer for amendment, only where the Trust determines that the missing information is both manifest and beneficial to maintain the element of competition.

#### 22.6.4 Admissibility

- i) If for any reason the opinion of the evaluation panel(s) is that tenders received are not competitive or meet minimum quality standards or the specification of requirements, the Trust is not bound to complete the tender process or award any contract.





- (ii) Where only one tender is received, the Trust must weigh up the advantages and disadvantages of accepting the single tender or going back out to tender. The evaluation panel shall firstly, with guidance from the Head of Procurement & Contracts, ensure that the quality/technical element of the tender submission meets the Trust's needs. Thereafter, the Trust shall ensure that the price proposed within the single tender is reasonable and within budget and will ensure value for money for the Trust.

#### 22.6.5 **Late tenders**

- (i) Late tenders will only be considered by the Trust where the Head of Procurement & Contracts has been contacted by the tenderer prior to the submission deadline, and where an issue in accessing or submitting via the e-procurement portal has been raised and verified.
- (ii) Tenders received after the due time and date but prior to the downloading of the other tenders, may only be considered if the Head of Procurement & Contracts determines that acceptance will further increase competition and be of potential benefit to the Trust.
- (iii) While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tenders received on time shall be kept strictly confidential and shall not be forwarded to the evaluation panel for consideration.

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

- (i) The Trust may undertake any discussion, site visit, interview or presentation with tenderers which are deemed necessary to clarify technical aspects of their tender before the award of a contract. Such clarification will not disqualify the tender nor impart any bias on behalf of the Trust.
- (ii) Within tenders based solely on cost, 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 appropriate and compelling reasons to the contrary. Such reasons must be discussed with the Head of Procurement & Contracts prior to any award to ensure compliance is maintained and value for money achieved. An appropriate record must also be produced for audit purposes.
- (iii) It is accepted that the lowest price does not always represent the best value for money. Other factors affecting the success of a project include the experience, qualifications and capabilities of suppliers, their understanding of the Trust's requirements, and capacity to meet project milestones and completion dates. Such tenders will be based on the quality of the tenderer's submission as well as their proposed costs.

Within tenders based on a quality/cost % split, the tender with the highest overall combined % score shall be accepted unless there are appropriate and compelling reasons to the contrary. Such reasons must be discussed with the Head of Procurement & Contracts prior to any award to ensure compliance is maintained and value for money achieved. An appropriate record must be produced for audit purposes.



- (iv) 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 Group Director of Finance & Contracting.
- (v) The use of these procedures must demonstrate that the award of the contract:
  - (a) was not in excess of the going market rate/price current at the time the contract was awarded, unless higher initial costs contribute to an overall whole life cost saving over the course of the contract;
  - (b) achieved best value for money and/or demonstrable benefit to the Trust.
- (vi) As outlined with Public Contracts regulations, all tenders shall be treated as confidential and retained as evidence of our decision-making process for a minimum of three years from the point of contract award

#### 22.6.7 Tender reports to the Trust Board

Reports to the Trust Board will be made where the value of the tender is above the delegated limits of the Executive Team.

#### 22.6.8 List of Contracted Firms

##### (a) Responsibility for maintaining list

The Head of Procurement & Contracts will maintain the Trust list of Contracted firms. This shall be kept undated and include all firms who have been awarded a contract by the Trust to provide goods, works, services, utilities and/or disposals. It shall also outline the purpose and scope of the contract, as well as the start and expiry date.

##### (b) Financial Standing and Technical Competence of Contractors

The Group Director of Finance & Contracting may make or institute any enquiries they deem appropriate concerning the financial standing and financial suitability of contracted firms, or those tendering to become a contracted firm.

Where appropriate and required 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.

##### (c) Other Requirements of Contracted Suppliers

- i) Contracted Suppliers and any sub-contractors they may use within any Trust contract, shall ensure that when engaging, training, promoting or dismissing employees, or within any conditions of employment, they shall not discriminate against any person by reason of colour, race, ethnicity, religion, sex, sexual orientation, age or disability, or any protected characteristic as outlined within all relevant legislation.





- ii) Contracted Suppliers and any sub-contractors they may use within any Trust contract, shall conform 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 or the Health & Safety Executive. 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) Contracted Suppliers and any sub-contractor they may use within any Trust contract, shall conform to the Trust's Information Governance and Information Security policies.
- iv) Conduct of Contracted Suppliers

#### 22.6.9 Exceptions to using Contracted Suppliers

Where an existing Trust contract is in place for the provision of goods, works, services, utilities and/or disposals, that contract must be used in the first instance to prevent 'maverick' spend, and the reduction of contract effectiveness and efficiency.

If there is potential benefit in sourcing outside of contract (e.g. new innovation or cost reduction) the Head of Procurement & Contracts must be consulted to jointly assess the reasons and to confirm the best route to do so while maintaining compliance.

### 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 £4,999 but not exceed £24,999 over a standard four (4) year term. The Head of Procurement & Contracts must always be consulted regarding the process to be followed in obtaining goods and services over £4,999 and may advise on further process to aggregate demand below this level.

#### 22.7.2 Competitive Quotations

- (i) Quotations should be obtained from at least **three** firms based on a specification prepared by, or on behalf of, the Trust.
- (ii) Where it is deemed a greater level of competition may be achieved or may be beneficial to the Trust, or where the Head of Procurement & Contracts may advise, a quotation process may be undertaken as an open tender via the Trust's e-Procurement portal.
- (iii) Quotations should be in electronic format only and open for acceptance for a minimum of 90 days unless subject to fluctuating markets, whereby a 30-day minimum acceptance period shall apply.



- (iv) The Head of Procurement & Contracts must determine that the quotations obtained represent sufficient competition and price comparison to evidence that value for money can be achieved. Discussions with suppliers may be initiated by telephone, but quotations must be received electronically to be valid and accepted for consideration. The Trust shall not act upon nor infer acceptance of any quote confirmed by telephone.
- (v) All quotations should be treated as confidential and should be retained for audit purposes as evidence of our decision-making process.
- (vi) The Head of Procurement & Contracts should evaluate the quotations alongside the respective team/department 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 must be set out in an appropriate record for audit purposes

#### **22.7.3 Non-Competitive Quotations**

Following discussion with the Head of Procurement & Contracts, non-competitive quotations 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 £5,000;
- (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) 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 Public Contracts Regulations and these Standing Financial Instructions (except with the authorisation of either the Chief Executive or Group Director of Finance & Contracting).

### **22.8 AUTHORISATION OF TENDERS AND COMPETITIVE QUOTATIONS**

The Head of Procurement & Contracts must be consulted prior to an application to carry out a tender. This is to ensure the proposed requirement is constructively challenge, and the appropriate procedure and route to market are followed.



Providing all the conditions and circumstances set out in these Standing Financial Instructions have been fully complied with, formal authorisation to carry out a tender, and formally commit spend under a potential contract award, may be decided by the following staff to the value of the potential contract as follows:

Designated budget holders	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.

The Head of Procurement & Contracts will act as neutral advocate of the procurement process to ensure probity of the Trust's procurement activity. They will ensure fair and transparent process is followed in achieving the Trust's requirements and impose ethical walls to prevent bias or impropriety that may otherwise open the Trust to legal challenge or reputational risk.

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

## **22.10 COMPLIANCE REQUIREMENTS FOR ALL CONTRACTS**

The Trust Board may only approve the award of 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) Public Contracts Regulations, EU Directives and other statutory provisions;
- (c) any relevant and appropriate directions from Department of Health & Social Care, NHS England and NHS Improvement, and the Cabinet Office who enforce public procurement within the UK;
- (d) NHS Standard Terms & Conditions of Contract, or the terms & conditions of respective Framework Agreements access, as are applicable.
- (e) appropriate NHS guidance;
- (f) at all times, 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. Where appropriate, the Chief Executive or Director shall nominate an officer who shall oversee day-to-day manage of 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 full time staff, and letters of engagements with workers.

For agency staff or temporary staff service contracts, the Trust shall follow guidance issued by NHS Improvement (NHSI) in so far as to only access Framework Agreements approved by NHSI - [https://improvement.nhs.uk/documents/2510/List\\_of\\_approved\\_framework\\_agreements.pdf](https://improvement.nhs.uk/documents/2510/List_of_approved_framework_agreements.pdf) as may be amended from time to time, and shall procure that the Trust adheres to the agency rate caps as set by NHSI - [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/510392/Price\\_cap\\_reference\\_tables.xlsx](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/510392/Price_cap_reference_tables.xlsx)

The Trust shall also follow guidance issued by NHSI within the provision of non-clinical non-medical staff, in so far as they may only be appointed via a fixed term contract or via bank staffing.

## **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, recycled or reused in accordance with Trust and Environmental policies;
- (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 DHSC and the regulators guidance.

## **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 Head of Procurement & Contracts shall ensure ethical walls are in place to ensure fair and open assessment of the in-house provider alongside tenders received. The following groups shall be set up:



- (a) Specification group, comprising the nominated officer/s and lead product or service specialists able to effectively set out the Trust's requirements for the Head of Procurement & Contracts to include within tender documents.
- (b) Tender evaluation group, comprising nominated officer/s and lead product or service specialists, able to understand the Trust's requirements and apply their knowledge in the effective evaluation of tenders received. Stage to be overseen by the Head of Procurement & Contracts.

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 or Director shall nominate an officer to oversee the day-to-day management of the contract on behalf of the Trust.

#### **22.14 APPLICATION OF SFIs WITHIN TENDERING AND CONTRACTING USING 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 or otherwise, either directly or indirectly linked to them which may affect or be affected by a contract other than their own employment contract, which the Trust has awarded or is considering awarding.

Trust staff may not use their own employment with the Trust to influence the evaluation of any tender, or the awarding of any contract in any instance, either directly or indirectly.

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

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

- (i) the employee cannot participate in a particular procurement decision;
- (ii) the employee may participate but will be cautioned to act in the best interests of the Trust, and their involvement audited thereafter to ensure compliance;



- (iii) the Trust Board will be advised that the Trust will not contract with that organisation 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 who engage the Trust 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 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.





Contracts 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 contracts where the Trust is engaged to provide services and any risk associated with the contracts.

## **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 People and Development 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 or nominated delegate;



- (b) within the limit of their approved budget and funded establishment; and
- (c) without the prior knowledge and involvement of the HR department to ensure appropriate process is followed.

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 People and Development in conjunction with the Group Director of Finance & Contracting, is responsible for:

- (a) specifying timetables for submission of properly authorised electronic 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 People and Development 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 Group Director of Finance & Contracting 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 bank credit, to employees and officers;





- (e) procedures for the recall of 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 an electronic 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 People and Development instructions and in the electronic 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 fulfil obligations in circumstances that suggest they have left without notice, the Director of People and Development must be informed immediately.

In circumstances where fraud might be suspected, this must be reported to the Group Director of Finance & Contracting.

24.4.5 Regardless of the arrangements for providing the payroll service, the Director of People and Development in conjunction with the Group Director of Finance & Contracting shall ensure that the chosen method is supported by appropriate (contracted) terms and conditions, robust internal controls, systems 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, equality 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 authorisation to managers of the Trust.

## **25.2 REQUISITIONING, ORDERING, RECEIPT AND PAYMENT FOR GOODS AND SERVICES**

### **25.2.1 Requisitioning**

Based on need and any maximum stock levels to be retained, the requisitioner will set out what the respective team/department wishes to order within an electronic requisition. This shall include the correct cost centre and subjective codes to be used and shall be submitted via the Trust's finance system only. Requisitions shall not be printed and stored locally.

The requisitioner shall not stipulate a brand or supplier unless ordering an item from a pre-determined route or contract (e.g. vehicles, furniture, etc.) and the budget approver(s) shall act as initial points of challenge and confirmation. Once the requisition is received by the Procurement Team, they shall use their knowledge and expertise to support the requisitioner in sourcing the requirement from a compliant route while achieving value for money.

The requisition may in certain cases flow to an alternative department for initial technical approval (e.g. HR if sourcing temp staff) before passing to the respective budget holder. This ensures the appropriate subject matter experts are consulted and correct process is followed.

Only a requisition shall act as formal request to purchase goods, works, or services, and must be raised and submitted electronically prior to any ordering, receipt or invoicing. The requisition shall be processed by the Procurement Team who, having carried out all appropriate compliance checks, shall commit the requisition into the form of a Purchase Order (PO) which shall be sent directly to the supplier's designated email address. PO's are not to be printed, stored locally or transmitted to any supplier outside of the Procurement Team.

### **25.2.2 System of Payment and Payment Verification**

The Group Director of Finance & Contracting 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 Group Director of Finance & Contracting 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 Group Director of Finance & Contracting 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 Public Contracts Regulations that enforce EU Procurement Directives.

### 25.2.3 Prepayments

Subject to HM Treasury rules around the appropriate use and protection of public funds, prepayments are only permitted in excess of three (3) months in advance, where exceptional circumstances apply. In such instances:

- (a) Prepayments are only permitted where the financial advantages outweigh the disadvantages;
- (b) The appropriate Executive Director 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 Group Director of Finance & Contracting will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account Public Contracts Regulations 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 Head of Procurement & Contracts, appropriate Director or Chief Executive if problems are encountered.

#### 25.2.4 **Official Orders**

Official Orders must:

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

No order shall be issued for any item or items to any firm which has made an offer of hospitality, 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 Group Director of Finance & Contracting and that:

- (a) all contracts, leases, tenancy agreements and other commitments which may result in a liability are notified to the Head of Procurement & Contracts for review and signature in advance of any commitment being made;
- (b) contracts above specified thresholds are only advertised, tendered and awarded from within the Procurement Team, and in accordance with Public Contracts Regulations and 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 NHS Improvement;



- (d) where an officer certifying accounts relies upon other officers to do preliminary checking, they shall ensure that those who check delivery of execution of work, act independently of those who have placed orders;
  - (e) no requisition/order is placed for any item or items for which there is no budget provision, unless authorised by the Group Director of Finance & Contracting on behalf of the Chief Executive;
  - (f) all goods, services, or works are ordered via the electronic requisitioning system except:
    - (i) purchases from petty cash
    - (ii) reimbursements and other payments not relating to the ordering of goods and services
    - (iii) expenditure listed on any permitted list as agreed with the Group Director of Finance & Contracting. 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 (potential risk to health & life) and these must be immediately followed up with an official requisition marked "Confirmation Order". Emergency orders shall not be used for any other purpose;
  - (h) orders are not split or otherwise placed in a manner devised so as to avoid the financial or tender thresholds;
  - (i) goods are not taken on trial or loan under any circumstances that suggest or commit the Foundation Trust to any future uncompetitive purchase;
  - (j) changes to the list of employees and officers authorised to certify invoices are notified to the Group Director of Finance & Contracting;
  - (k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Group Director of Finance & Contracting;
  - (l) petty cash records are maintained in a form as determined by the Group Director of Finance & Contracting
  - (m) purchases made with purchasing cards are restricted by type in accordance with instructions issued by the Group Director of Finance & Contracting
  - (o) purchasing card records are maintained in a form as determined by the Group Director of Finance & Contracting
- 25.2.6 The Chief Executive and Group Director of Finance & Contracting shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with appropriate guidance. 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 Group Director of Finance & Contracting 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 Performance and 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 Group Director of Finance & Contracting 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 Group Director of Finance & Contracting 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 formulate the Group's annual and medium-term capital plan and review on a regular basis. They will also ensure that there is an adequate appraisal and approval process in place, in line with the Trust's 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 *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 Group Director of Finance & Contracting 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 Group Director of Finance & Contracting 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 Group Director of Finance & Contracting 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** necessarily constitute approval for expenditure on any individual scheme.
- 27.1.8 The Group Director of Finance & Contracting 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 Group Director of Finance & Contracting 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 Group Director of Finance & Contracting 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 Group Director of Finance & Contracting 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 Group Director of Finance & Contracting 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 Group Director of Finance & Contracting 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 Group Director of Finance & Contracting 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 Group Director of Finance & Contracting of the Trust shall calculate and pay capital charges as specified in the Capital Accounting Manual issued by the independent regulator.



## **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 Group Director of Finance & Contracting. 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 Group Director of Finance & Contracting.

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, LOGISTICS 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 set maximum levels;



- (b) subjected 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 Group Director of Finance & Contracting 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 them to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the Group Director of Finance & Contracting. 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 Group Director of Finance & Contracting 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 Group Director of Finance & Contracting 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 Group Director of Finance & Contracting.

28.2.6 The designated Manager/Pharmaceutical Officer shall be responsible for a system approved by the Group Director of Finance & Contracting 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 Group Director of Finance & Contracting 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**

25.3.1 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 Group Director of Finance & Contracting 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 Group Director of Finance & Contracting 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 Group Director of Finance & Contracting 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 Group Director of Finance & Contracting;
- (b) recorded by the Condemning Officer in a form approved by the Group Director of Finance & Contracting 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 Group Director of Finance & Contracting.

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 Group Director of Finance & Contracting who will take the appropriate action.

## **29.2 LOSSES AND SPECIAL PAYMENTS**

### **29.2.1 Procedures**

The Group Director of Finance & Contracting 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 Group Director of Finance & Contracting and/or Chief Executive. Where a criminal offence is suspected, the Group Director of Finance & Contracting 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 Group Director of Finance & Contracting must inform the relevant Local Counter Fraud Specialist (LCFS) who will then inform the relevant NHS Counter Fraud Authority in accordance with Secretary of State Directions



- 29.2.4 The Group Director of Finance & Contracting must notify 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 Group Director of Finance & Contracting must immediately notify:
- (a) the Board,
  - (b) the External Auditor.
- 29.2.6 Within limits delegated to it by the Department of Health & Social Care, the Board shall approve the writing-off of losses.
- 29.2.7 The Group Director of Finance & Contracting 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 Group Director of Finance & Contracting should consider whether any insurance claim can be made.
- 29.2.9 The Group Director of Finance & Contracting 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 GROUP DIRECTOR OF FINANCE**

- 30.1.1 The Group Director of Finance and Contracting, 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 Group Director of Finance & Contracting 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 the Trust that is made 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 Group Director of Finance & Contracting:
- (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 Group Director of Finance & Contracting 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 Group Director of Finance & Contracting shall periodically seek assurances that adequate controls are in operation.
- 30.4 RISK ASSESSMENT**





The Group Director of Finance & Contracting 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 Group Director of Finance & Contracting 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) Group Director of Finance & Contracting 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,
- 31.2 The Chief Executive is responsible for ensuring that patients or their guardians, as appropriate, are informed via notices and information booklets; (***notices are subject to sensitivity guidance***) 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 Group Director of Finance & Contracting 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 Group Director of Finance & Contracting 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 Chief Executive shall ensure that all staff are made aware of the Trust policy on acceptance of gifts and other benefits in kind by staff, as documented in the Standards of Business Conduct policy. This policy follows national requirements 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 & Social Care 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 & Social Care guidance shall only be destroyed at the express instigation of the Chief Executive (or can be delegated to a named individual). 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, 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 Board 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 Group Director of Finance & Contracting 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 Group Director of Finance & Contracting 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 Group Director of Finance & Contracting will conduct an annual review of the continuing appropriateness of commercial insurance contracts

35.3.3 The Group Director of Finance & Contracting 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 GROUP DIRECTOR OF FINANCE & CONTRACTING IN AGREEING INSURANCE COVER**

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



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>
6	July 2017	Judith Hurrell	Updated	Minor amendments made throughout the document to reflect changes in the regulatory environment. Key changes made to the procurement sections in respect of financial limits for tendering activities, and to reflect the move to electronic tendering.
7	July 2018	Judith Hurrell	Updated	Minor amendments made throughout the document to reflect changes in the regulatory environment and titles of postholders
8	October 2019	Judith Hurrell	Updated	Changes made with regards to titles of post holders and a major update to reflect procurement rules and regulations