

STANDING FINANCIAL INSTRUCTIONS

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Policy Lead/Author & Position:	Martin Davies, Head of Financial Assurance
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The Trust's Standing Financial Instructions are maintained by the Head of Financial Assurance on behalf of the Trust Board. Enquiries regarding the interpretation of these Standing Financial Instructions should be directed to the Head of Financial Assurance in the first instance.

Table of Contents	Page
1. INTRODUCTION	6
1.1 General.....	6
1.2 Responsibilities and delegation	6
1.2.1 The Trust Board.....	6
1.2.3 The Chief Executive and Chief Finance and Investment Officer.....	7
1.2.5 The Chief Finance and Investment Officer	7
1.2.6 Board Members and Employees	8
1.2.7 Contractors and their employees.....	8
2. AUDIT.....	8
2.1 Audit Committee	8
2.2 Chief Finance and Investment Officer.....	10
2.3 Role of Internal Audit.....	10
2.4 External Audit.....	11
2.5 Fraud, Bribery and Corruption.....	11
2.6 Security Management.....	13
3. ALLOCATIONS, PLANNING, BUDGETS, BUDGETARY CONTROL, AND MONITORING	13
3.1 Preparation and Approval of Plans and Budgets	13
3.2 Budgetary Delegation.....	14
4 BUDGETARY CONTROL AND REPORTING	15
4.4 Capital Expenditure	16
4.5 Monitoring Returns	16
5. ANNUAL ACCOUNTS AND REPORTS	16
6. BANK ACCOUNTS	16
6.1 General.....	16
6.2 Bank Accounts	17
6.3 Banking Procedures	17
6.4 Tendering and Review	17
7. INCOME, FEES AND CHARGES AND SECURITY OF CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUMENTS.....	17
7.1 Income Systems.....	17
7.2 Fees and Charges	18
7.3 Debt Recovery	18
8. TENDERING AND CONTRACTING PROCEDURE	19
8.1 Duty to comply with Standing Orders and Standing Financial Instructions....	19
8.3 Reverse e-Auctions.....	19

8.4	Department of Health Guidance	19
8.5	Formal Competitive Tendering	19
8.6	Contracting/Tendering Procedure.....	21
8.7	Quotations: Competitive and non-competitive	26
	8.7.1 General Position on quotations.....	26
	8.7.2 Competitive Quotations	27
8.8	Authorisation of Tenders and Competitive Quotations	28
8.9	Instances where formal competitive tendering or competitive quotation is not required.....	28
8.10	Purchase orders.....	28
8.11	Compliance requirements for all contracts	29
8.12	Personnel and Agency or Temporary Staff Contracts	30
8.13	Healthcare Services Agreements (see overlap with SFI No. 7)	30
8.14	Disposals (See overlap with SFI No. 16).....	30
8.15	In-house Services	30
8.16	Applicability of SFIs on Tendering and Contracting to funds held in trust (see overlap with SFI No. 8).....	31
8.17	Bribery Act 2010.....	31
8.18	Due Diligence	31
9.	NHS SERVICE AGREEMENTS FOR PROVISION OF SERVICES (see overlap with SFI No. 6.13)	32
9.1	Service Level Agreements (SLAs).....	32
9.2	Involving Partners and jointly managing risk	33
10.	TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF THE TRUST BOARD AND EXECUTIVE COMMITTEE AND EMPLOYEES.....	33
10.1	Remuneration and Terms of Service (see overlap with SO No. 4)	33
10.2	Funded Establishment.....	34
10.3	Staff Appointments	34
10.4	Processing Payroll.....	34
11.	NON-PAY EXPENDITURE.....	36
11.1	Delegation of Authority	36
11.2	Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services (see overlap with Standing Financial Instruction No. 8).....	36
11.3	Joint Finance Arrangements with Local Authorities and Voluntary Bodies (see overlap with Standing Order No. 9.1)	40
12.	EXTERNAL BORROWING	40
12.2	Investments	40
13.	FINANCIAL FRAMEWORK	40
14.	CAPITAL INVESTMENT, PRIVATE FINANCING, FIXED ASSET REGISTERS AND SECURITY OF ASSETS	41
14.1	Capital Investment	41

14.2	borrowing.....	42
14.3	Asset Registers.....	42
14.4	Security of Assets.....	43
15.1	General position.....	44
15.2	Control of Stores, Stocktaking, condemnations and disposal.....	44
15.3	Goods supplied by NHS Supply Chain.....	45
16.	DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS	45
16.1	Disposals and Condemnations.....	45
16.2	Losses and Special Payments.....	45
17.	INFORMATION TECHNOLOGY	46
17.1	Responsibilities and duties of the Chief Executive.....	46
17.2	Responsibilities and duties of other Directors and Officers in relation to computer systems of a general application	47
17.3	Contracts for Computer Services with other health bodies or outside agencies.....	47
17.4	Risk Assessment	47
18.	PATIENTS' PROPERTY	48
19.	FUNDS HELD ON TRUST	49
19.1	Corporate Trustee.....	49
19.2	Accountability to Charity Commission and Secretary of State for Health	49
19.3	Applicability of Standing Financial Instructions to funds held on Trust.....	49
20.	ACCEPTANCE OF GIFTS BY STAFF AND LINK TO STANDARDS OF BUSINESS CONDUCT (see overlap with SO No. 7 and SFI No. 11.2.6 (d))	50
21.	RETENTION OF RECORDS.....	50
22.	RISK MANAGEMENT AND INSURANCE.....	50
22.1	Programme of Risk Management	50
22.2	Insurance: Risk Pooling Schemes administered by NHS Resolution.....	51
22.3	Insurance arrangements with commercial insurers.....	51
22.4	Arrangements to be followed by the Board in agreeing Insurance cover.....	51

1. INTRODUCTION

1.1 General

- 1.1.1 These Standing Financial Instructions (SFIs) are issued in accordance with the Trust (Functions) Directions 2000 issued by the Secretary of State which require that each Trust shall agree Standing Financial Instructions for the regulation of the conduct of its members and officers in relation to all financial matters with which they are concerned. They shall have effect as if incorporated in the Standing Orders (SOs) of the Trust.
- 1.1.2 These Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Decisions Reserved to the Board and the Reservation of Powers to the Board and Delegation of Powers ("Scheme of Delegation") adopted by the Trust.
- 1.1.3 These Standing Financial Instructions identify the financial responsibilities which apply to everyone working for the Trust and its constituent organisations including Trading Units. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Chief Finance and Investment Officer.
- 1.1.4 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Chief Finance and Investment Officer must be sought before acting. The user of these Standing Financial Instructions should also be familiar with and comply with the provisions of the Trust's Standing Orders.
- 1.1.5 The failure to comply with Standing Financial Instructions and Standing Orders can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.
- 1.1.6 **Overriding Standing Financial Instructions** – If for any reason these Standing Financial Instructions are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit Committee for referring action or ratification. All members of the Board and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Chief Finance and Investment Officer as soon as possible.
- 1.1.7 Amendment of Prime Financial Policies- To ensure that these Prime Financial Policies remain up-to-date and relevant, the Chief Finance and Investment Officer will review them at least annually. Following consultation with the Accountable Officer, the Chief Finance and Investment Officer will submit policies to the Audit Committee from scrutiny and approval.

1.2 Responsibilities and delegation

- 1.2.1 The Trust Board

The Board exercises financial supervision and control by:

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

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

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

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

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

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

1.2.5 **The Chief Finance and Investment Officer**

The Chief Finance and Investment Officer is responsible for:

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

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

- (d) the provision of financial advice to other members of the Board and employees;
- (e) the design, implementation and supervision of systems of internal financial control;
- (f) the preparation and maintenance of such accounts, certificates, estimates, records and reports as the Trust may require for the purpose of carrying out its statutory duties;
- (g) to report and inform the Trust's nominated Local Counter Fraud Specialist (LCFS) all referrals of fraud and or bribery, made directly to them.

1.2.6 Board Members and Employees

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

- (a) the security of the property of the Trust;
- (b) avoiding loss;
- (c) exercising economy and efficiency in the use of resources;
- (d) conforming with the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation.

1.2.7 Contractors and their employees

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

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

2. AUDIT

2.1 Audit Committee

- 2.1.1 In accordance with Standing Orders, the Board shall formally establish an Audit Committee, with clearly defined terms of reference and following guidance from the NHS Audit Committee Handbook (2018), which will provide an independent and objective view of internal control by:

- (a) oversee and monitor the Internal and External Audit services, including approving the Audit strategy, annual plan and audit fees and ensure this is

guided by and consistent with the audit needs of the organisation and the Assurance Framework.

- (b) discuss with the External Auditor the nature and scope of the audit and ensure co-operation with the Internal Audit Programme
- (c) receive a report at each Audit Committee meeting from the Head of Internal Audit
- (d) review and consider the major findings of internal audit investigations and reports, and consider the appropriateness of the associated responses from management
- (e) receive the Annual Internal Audit report relating to the previous year
- (f) review and, subject to any amendments required, commend the Annual Statements to the Board, taking particular note of Accounting Standards, accounting policies, major areas of judgement, and any significant areas of adjustment resulting from the audit
- (g) consider the annual management letter from the external auditor and make recommendations to the Board in respect of the external auditor's principal matters of concern
- (h) confirm to the Board that there are no outstanding matters of disagreement between the staff and the external auditor
- (i) oversee and monitor the organisation's policies and procedures for Counter Fraud strategy and annual plan
- (j) Monitor compliance and review and advise on amendments to Trust Standing Orders, Standing Financial Instructions and Scheme of Delegation
- (k) monitor and review the organisation's value for money programme
- (l) report to the Board annually on its work in support of the Annual Governance Statement, specifically commenting on the fitness for purpose of the Assurance Framework, the completeness and embeddedness of risk management in the organisation, the integration of governance arrangements and the appropriateness of the self assessment against the standards of the Care Quality Commission.
- (m) review and consider the Annual Reports and assurances provided by the Quality and Safety Committee, and the underlying assurance processes overseen by that Committee, that together indicate the extent to which the organisation's objectives are being achieved
- (n) review the findings of other significant assurance functions, both internal and external to the organisation, and consider the implications for the governance of the organisation
- (o) review and advise on the effectiveness of policies and procedures for ensuring compliance with the relevant regulatory, legal and code of conduct requirements
- (p) periodically review the work of the Audit Committee and the Committee's own effectiveness in meeting its Terms of Reference
- (q) review arrangements by which staff may, in confidence, raise concerns about potential serious wrong-doing or malpractice. The objective is to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action
- (r) review schedules of losses and compensations and make recommendations to the Board
- (s) review schedules of debtors/creditors balances over £5,000 and more than six months old and explanations/action plans

2.1.2 Where the Audit Committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wishes to raise, the Chairman of the Audit Committee should raise the matter at a full meeting of the Board. Exceptionally, the matter may need to be

referred to the Department of Health (to the Chief Finance and Investment Officer in the first instance.)

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

2.2 Chief Finance and Investment Officer

2.2.1 The Chief Finance and Investment Officer is responsible for:

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

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

- (a) access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
- (b) access at all reasonable times to any land, premises or members of the Board or employee of the Trust;
- (c) the production of any cash, stores or other property of the Trust under a member of the Board and an employee's control; and
- (d) explanations concerning any matter under investigation.

2.3 Role of Internal Audit

2.3.1 Internal Audit will review, appraise and report upon:

- (a) the extent of compliance with relevant established policies, plans and procedures, and the financial impact of non-compliance;
- (b) the adequacy and application of financial and other related management controls;
- (c) the suitability of financial and other related management data;
- (d) the extent to which the Trust's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
 - (i) fraud and other offences;
 - (ii) waste, extravagance, inefficient administration;
 - (iii) poor value for money or other causes.
- (e) Internal Audit shall also independently verify the Assurance Statements in accordance with guidance from NHSI.

2.3.2 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores, or other property or any suspected irregularity in the exercise of any function of a pecuniary nature, the Chief Finance and Investment Officer must be notified immediately.

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

2.3.4 The Head of Internal Audit shall be accountable to the Audit Committee but managed by the Chief Finance and Investment Officer. The reporting system for internal audit shall be agreed between the Chief Finance and Investment Officer, the Audit Committee and the Head of Internal Audit. The agreement shall be in writing and shall ensure compliance with Public Sector Internal Audit Standards. The reporting system shall be reviewed at least every three years.

2.4 External Audit

2.4.1 The External Auditor is appointed, and paid for, directly by the Trust, with the Audit Committee acting as the Trust's Auditor Panel to oversee the appointment and management of the External Auditor.

2.5 Fraud, Bribery and Corruption

2.5.1 It is the responsibility of the Trust to ensure that policies and procedures for all fraud and bribery related work is implemented, including findings from investigations and proactive work. In line with their responsibilities, the Chief Executive and Chief Finance and Investment Officer shall monitor and ensure compliance with Directions issued by the Secretary of State for Health on fraud, bribery and corruption. The Trust requires all staff to always act honestly and with integrity to safeguard the public resources they are responsible for. The Trust will not tolerate any fraud perpetrated against it and will actively chase any loss suffered.

2.5.2 In line with their responsibilities the Board shall monitor and ensure compliance with the provisions of the Bribery Act 2010. Senior Officers (including non-board level

managers) can be individually held criminally liable for the Trust's bribery offences. The Trust has a zero-tolerance approach to any form of Bribery.

- 2.5.3 The Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist as specified by the NHS Counter Fraud Authority Fraud and Corruption Manual and guidance.
- 2.5.4 All suspicions of fraud and bribery should be reported to the Trust's Local Counter Fraud Specialist. Alternatively, suspicions of NHS fraud or bribery can be reported to the Chief Finance and Investment Officer or the secure NHS Fraud and Corruption Reporting Line (0800 028 40 60) or online at www.cfa.nhs.uk/reportfraud. The NHS Fraud and Corruption Reporting Line offers complete confidentiality and callers can remain anonymous if they wish. Further details on reporting suspected fraud and bribery can be found in the Trust's Anti-Fraud and-Bribery Policy. Details can be found on the Counter Fraud intranet and in the Trust's Counter Fraud and Anti-Bribery Policy. The Chief Finance and Investment Officer will inform the Local Counter Fraud Specialist if they directly receive a referral.
- 2.5.5 The Local Counter Fraud Specialist shall report to the Chief Finance and Investment Officer and shall work with staff in NHS Counter Fraud Authority in accordance with the NHS Counter Fraud Authority Fraud and Corruption Manual.
- 2.5.6 The Local Counter Fraud Specialist will provide a written report, at least annually, on counter fraud work within the Trust. Furthermore, progress reports will be submitted and presented by the Local Counter Fraud Specialist to Audit Committee's held throughout the financial year.
- 2.5.7 The Local Counter Fraud Specialist shall review key financial and operating policies on an on-going basis to ensure robustness is achieved and any required changes are identified and implemented. These policies will be communicated to Trust staff and regularly monitored for effectiveness by Trust staff.
- 2.5.8 The Local Counter Fraud Specialist will complete the annual self-review toolkit (SRT) on behalf of the Trust and seek authorisation in respect of the content from the Chief Finance and Investment Officer, before he/she submits as final to NHS Counter Fraud Authority for review. If, following submission of the SRT, the Trust is selected at random for an assessment, the Local Counter Fraud Specialist and Chief Finance and Investment Officer will facilitate this in accordance with the NHS Standards for Providers.
- 2.5.9 A fraud offence can be committed by any person who dishonestly makes a false representation to make a gain for themselves or another or dishonestly fails to disclose to another person, information which he is under a legal duty to disclose, or commits fraud by abuse of position, including any offence as defined in the Fraud Act 2006.
- 2.5.10 Examples of fraud (though not exhaustive) may include:
 - Falsely claiming to be sick or working elsewhere whilst sick
 - Falsifying time records e.g. claiming pay for time not worked
 - Undertaking private work during NHS time
 - Unauthorised private use of NHS equipment with intent to avoid a charge or payment

- Submitting altered/bogus invoices or claims for payment
- Making false claims for subsistence & expenses
- Falsifying any official records
- Failing to declare criminal convictions to gain employment

2.5.11 A bribe is offering, promising, or giving a financial, or otherwise, advantage to another person with the intention of bringing about improper performance or reward. The Bribery Act also states that a person is guilty of an offence if they request, agree to receive, or accept a financial or other advantage intending that a relevant function or activity should be performed improperly by them or another. It further states that offering or agreeing to accept a bribe is an offence even if no money or goods have been exchanged.

2.5.12 In addition to the above, the Trust may be guilty of an offence of failing to prevent bribery: an organisation is guilty of an offence if an associated person, i.e. someone who performs services on behalf of the organisation, bribes another person intending to obtain or return business or a business advantage.

2.5.13 To present a defence to the charge of 'failing to prevent bribery' an organisation must have sufficient and adequate procedures in place to prevent bribery by associated persons including those set out below.

2.5.14 Full details can be obtained from the Trust's Anti-Fraud and Bribery Policy.

2.6 Security Management

2.6.1 In line with their responsibilities, the Chief Executive will monitor and ensure compliance with Directions issued by the Secretary of State for Health on NHS security management.

2.6.2 The Trust shall nominate a suitable person to carry out the duties of the Local Security Management Specialist (LSMS) as specified by the Secretary of State for Health guidance on NHS security management.

2.6.3 The Trust shall nominate a Non-Executive Director to be responsible to the Board for NHS security management.

2.6.4 The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the Security Management Director (SMD) and the appointed Local Security Management Specialist (LSMS).

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

3.1 Preparation and Approval of Plans and Budgets

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

- (a) a statement of the significant assumptions on which the plan is based;

- (b) details of major changes in workload, delivery of services or resources required to achieve the plan.
- 3.1.2 Prior to the start of the financial year the Chief Finance and Investment Officer will, on behalf of the Chief Executive, prepare and submit budgets for approval by the Board. Such budgets will:
 - (a) be in accordance with the aims and objectives set out in the STP and local commissioning plans;
 - (b) accord with workload and manpower plans;
 - (c) be produced following discussion with appropriate budget holders;
 - (d) be prepared within the limits of available funds;
 - (e) identify potential risks.
- 3.1.3 The Chief Finance and Investment Officer shall monitor financial performance against budget and plan, periodically review them, and report to the Board.
- 3.1.4 All budget holders must provide information as required by the Chief Finance and Investment Officer to enable budgets to be compiled.
- 3.1.5 All budget holders will sign up to their allocated budgets at the commencement of each financial year.
- 3.1.6 The Chief Finance and Investment Officer has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage successfully.
- 3.2 Budgetary Delegation**
- 3.2.1 The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:
 - (a) the amount of the budget;
 - (b) the purpose(s) of each budget heading;
 - (c) individual and group responsibilities;
 - (d) authority to exercise virement;
 - (e) achievement of planned levels of service;
 - (f) the provision of regular reports.
- 3.2.2 The Chief Executive and delegated budget holders must not exceed the budgetary total or virement limits set by the Board.
- 3.2.3 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Executive, subject to any authorised use of virement.

- 3.2.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the Chief Finance and Investment Officer.

4 BUDGETARY CONTROL AND REPORTING

- 4.1 The Chief Finance and Investment Officer 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) movements in working capital;
 - (iii) movements in cash and capital;
 - (iv) capital project spend and projected outturn against plan;
 - (v) explanations of any material variances from plan;
 - (vi) details of any corrective action where necessary and the Chief Executive's and/or Chief Finance and Investment Officer's view of whether such actions are sufficient to correct the situation;
 - (b) the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;
 - (c) investigation and reporting of variances from financial, workload and manpower budgets;
 - (d) monitoring of management action to correct variances; and
 - (e) arrangements for the authorisation of budget transfers.
- 4.2 Each Budget Holder is responsible for ensuring that:
- (a) any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Board;
 - (b) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement;
 - (c) no permanent employees are appointed without the approval of the Chief Executive other than those provided for within the available resources and manpower establishment as approved by the Board.
 - (d) Effective systems exist within the Directorates to ensure that all expenditure is authorised in advance of commitment (e.g. operation of an

authorised signatory system) and that individuals incurring the expenditure fully understand their budgetary control responsibilities.

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

4.4 Capital Expenditure

4.4.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. The particular applications relating to capital are contained in SFI 14.

4.5 Monitoring Returns

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

5. ANNUAL ACCOUNTS AND REPORTS

5.1 The Chief Finance and Investment Officer, on behalf of the Trust, will:

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

5.2 The Trust's annual accounts must be audited by an auditor appointed in accordance with the Local Audit and Accountability Act 2014. The Trust's audited annual accounts must be presented to a public meeting and made available to the public.

5.3 The Trust will publish an annual report, in accordance with guidelines on local accountability, and present it at a public meeting. The document will comply with the Department of Health's Group Accounting Manual.

6. BANK ACCOUNTS

6.1 General

6.1.1 The Chief Finance and Investment Officer is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of accounts. This advice will take into account guidance/ Directions issued from time to time by the Department of Health. In line with 'Cash Management in the NHS' Trusts should minimise the use of commercial bank accounts and consider using Government Banking Service (GBS) accounts for all banking services.

6.1.2 The Board shall approve the banking arrangements.

6.2 Bank Accounts

6.2.1 The Chief Finance and Investment Officer is responsible for:

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

6.3 Banking Procedures

6.3.1 The Chief Finance and Investment Officer 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.

6.3.2 The Chief Finance and Investment Officer must advise the Trust's bankers in writing of the conditions under which each account will be operated.

6.4 Tendering and Review

6.4.1 The Chief Finance and Investment Officer will review the commercial banking arrangements of the Trust at regular intervals to ensure they reflect best practice and represent best value for money by periodically seeking competitive tenders for the Trust's commercial banking business.

6.4.2 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.

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

7.1 Income Systems

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

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

7.2 Fees and Charges

- 7.2.1 The Chief Finance and Investment Officer is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health or by Statute. Independent professional advice on matters of valuation shall be taken as necessary. Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered the guidance in the Department of Health's Commercial Sponsorship – Ethical standards in the NHS shall be followed.
- 7.2.2 All employees must inform the Chief Finance and Investment Officer promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.

7.3 Debt Recovery

- 7.3.1 The Chief Finance and Investment Officer is responsible for the appropriate recovery action on all outstanding debts.
- 7.3.2 Income not received should be dealt with in accordance with losses procedures.
- 7.3.3 Overpayments should be detected (or preferably prevented) and recovery initiated.

7.4 Security of Cash, Cheques and other Negotiable Instruments

- 7.4.1 The Chief Finance and Investment Officer 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.
- 7.4.2 Official money shall not under any circumstances be used for the encashment of private cheques or IOUs.
- 7.4.3 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Chief Finance and Investment Officer.
- 7.4.4 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.

8. TENDERING AND CONTRACTING PROCEDURE

8.1 Duty to comply with Standing Orders and Standing Financial Instructions

8.1.1 The procedure for making all contracts by or on behalf of the Trust shall comply with these Standing Orders and Standing Financial Instructions (except where Standing Order No. 3.13 Suspension of Standing Orders is applied).

8.2 EU Directives Governing Public Procurement

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

8.3 Reverse e-Auctions

8.3.1 The Trust should have policies and procedures in place for the control of all tendering activity carried out through Reverse e-Auctions.

8.4 Department of Health Guidance

8.4.1 The Trust shall comply as far as is practicable with any best practice guidance that may be given by the Department of Health from time to time and "Estate code" in respect of capital investment and estate and property transactions. In the case of management consultancy contracts the Trust shall comply as far as is practicable with Department of Health guidance "The Procurement and Management of Consultants within the NHS".

8.5 Formal Competitive Tendering

8.5.1 General Applicability

The Trust shall ensure that competitive tenders are invited for:

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

All processes must adhere to European Union (EU) law on procurement as directed in the EU Procurement Guide and the relevant provisions of the Bribery Act 2010.

8.5.2 Health Care Services

Where the Trust elects to invite tenders for the supply of healthcare services these Standing Orders and Standing Financial Instructions shall apply as far as they are applicable to the tendering procedure and need to be read in conjunction with Standing Financial Instruction No. 9.

8.5.3 Exceptions and instances where formal tendering need not be applied

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

- (a) the estimated expenditure or income does not, or is not reasonably expected to, exceed £100,000. Contracts must not be artificially split to avoid the requirement to follow a formal tender process;
- (b) where the supply is proposed under special arrangements negotiated by the DH in which event the said special arrangements must be complied with;
- (c) regarding disposals as set out in Standing Financial Instructions No. 16;

Formal tendering procedures and alternative procurement processes for contract values below the OJEU threshold (£122,976 at November 2020 **may be waived** in the following circumstances but cannot be waived for contracts which exceed the OJEU threshold . As of Exit Day of the United Kingdom (UK) from the European Union (EU), the Threshold will be **£118,133** as per The Public Procurement (Amendment etc.) (EU Exit) Regulations 2019

- (d) in very exceptional circumstances where the Chief Executive decides that formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate Trust record;
- (e) where the requirement is covered by an existing contract;
- (f) where Framework agreements are in place and their use has been approved by the Board;
- (g) where a consortium arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the consortium members;
- (h) where the timescale genuinely precludes competitive tendering but failure to plan the work properly would not be regarded as a justification for a single tender;
- (i) where specialist expertise is required and is available from only one source;
- (j) when the task is essential to complete the project, and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate;
- (k) there is a clear benefit to be gained from maintaining continuity with an earlier project. However, in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering;
- (l) for the provision of legal advice and services providing that any legal firm or partnership commissioned by the Trust is regulated by the Law Society for England and Wales for the conduct of their business (or by the Bar Council for England and Wales in relation to the obtaining of Counsel's

opinion) and are generally recognised as having sufficient expertise in the area of work for which they are commissioned.

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

(m) where allowed and provided for in the Capital Investment Manual.

The waiving of competitive tendering procedures should not be used to avoid competition or for administrative convenience or to award further work to a consultant originally appointed through a competitive procedure.

Where it is decided that competitive tendering is not applicable and should be waived, the electronic waiver form will need to be completed and approval will be required from The Director of Procurement or a delegated procurement officer, and the Chief Finance and Investment Officer. The fact of the waiver and the reasons should be documented and recorded in an appropriate Trust record and reported to the Audit Committee at each meeting.

8.5.4 Fair and Adequate Competition

The Trust shall ensure that invitations to tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, having regard to their capacity to supply the goods or materials or to undertake the services or works required and in line with EU guidance on the general principles of equality of treatment, non-discrimination and transparency. Any cross border interest also needs to be considered.

8.5.5 List of Approved Firms

The Trust shall ensure that the firms/individuals invited to tender (and where appropriate, quote) are among those on approved lists, if applicable. Suppliers should be selected from any approved lists which include framework contracts via LPP and GPS. Where in the opinion of the Chief Finance and Investment Officer it is desirable to seek tenders from firms not on the approved lists, the reason shall be recorded in writing to the Chief Executive (see SFI 8.6.8 List of Approved Firms).

8.5.6 Building and Engineering Construction Works

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

8.5.7 Items which subsequently breach thresholds after original approval

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

8.6 Contracting/Tendering Procedure

8.6.1 Invitation to tender

- (ii) All invitations to tender shall state the date and time as being the latest time for the receipt of tenders.
- (iii) Under Regulation 22 of The Public Contract Regulations 2015, All tenders will be published and responses will be made electronically using the Trusts eProcurement platform, unless:
 - (a) due to the specialised nature of the procurement, the use of electronic means of communication would require specific tools, devices or file formats that are not generally available or supported by generally available applications;
 - (b) the applications supporting file formats that are suitable for the description of the tenders use file formats that cannot be handled by any other open or generally available applications or are under a proprietary licensing scheme and cannot be made available for downloading or remote use by the contracting authority;
 - (c) the use of electronic means of communication would require specialised office equipment that is not generally available to contracting authorities; or
 - (d) the procurement documents require the submission of physical or scale models which cannot be transmitted using electronic means.
- (iv) All invitations to tender shall state that no tender will be accepted unless:
 - (a) submitted in a manner stipulated by the tender documentation and the latest date and time for the receipt of such tender addressed to the Chief Executive or nominated Manager. The manner of submission of a tender shall either be through electronic submission or by post. The tender document shall stipulate which of the modes of submission should be use.
 - (b) If the tender documentation stipulates a submission by post, then the tender envelopes/ packages shall not bear any names or marks indicating the sender. The use of courier/postal services must not identify the sender on the envelope or on any receipt so required by the deliverer. Electronic submission shall be valid only if uploaded in accordance with the tender stipulation. Ordinary email submission will not be acceptable unless the tender documentation says so.
- (v) Every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable.
- (vi) Every tender for building or engineering works (except for maintenance work, when Estmancode guidance shall be followed) shall embody or be in the terms of the current edition of one of the Joint Contracts Tribunal Standard Forms of Building Contract or Department of the Environment (GC/Wks) Standard forms of contract amended to comply with Concode; or, when the content of the work is primarily engineering, the General Conditions of Contract recommended by the Institution of Mechanical and Electrical Engineers and the Association of Consulting Engineers (Form A), or (in the case of civil engineering work) the General Conditions of Contract recommended by the Institute of Civil Engineers, the Association of Consulting Engineers and the Federation of Civil Engineering Contractors. These documents shall be modified and/or amplified to accord with Department of Health guidance and, in minor respects, to cover special features of individual projects.

- (vii) Accompanied by a statement from the prospective supplier / contractor that provides assurance that they are compliant with the Bribery Act 2010

8.6.2 Receipt and safe custody of tenders

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

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

8.6.3 Opening tenders and Register of tenders

- (i) For electronic tenders using the Trust eProcurement system, The Chief Executive devolves responsibility to the NELFT, BEH and C&I Procurement Shared Service for the opening of all responses.
- (ii) Where tenders are submitted physically in the post:
 - a. they need to be opened as soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened by two senior officers/managers designated by the Chief Executive and not from the originating department.
 - b. A member of the Trust Board will be required to be one of the two approved persons present for the opening of tenders estimated above £100,000. The rules relating to the opening of tenders will need to be read in conjunction with any delegated authority set out in the Trust's Scheme of Delegation. Electronic tenders shall be downloaded and opened by the Head of Procurement or nominated member of staff in their absence.
 - c. The 'originating' Department will be taken to mean the Department sponsoring or commissioning the tender.
 - d. The involvement of Finance Department staff in the preparation of a tender proposal will not preclude the Chief Finance and Investment Officer or any approved Senior Manager from the Finance Department from serving as one of the two senior managers to open tenders.
 - e. All Executive Directors/members will be authorised to open tenders regardless of whether they are from the originating department provided that the other authorised person opening the tenders with them is not from the originating department.
 - f. The Trust Board Secretary will count as a Director for the purposes of opening tenders.
 - g. Every tender received shall be marked with the date of opening and signed by those present at the opening.
 - h. A register shall be maintained by the Chief Executive, or a person authorised by them, to show for each set of competitive tender invitations despatched:
 - the name of all firms and individuals invited;

- the names of firms and individuals from which tenders have been received;
- the date the tenders were opened;
- the persons present at the opening;
- a declaration by those present confirming that they have no conflict of interest and a declaration of any gifts and / or hospitality received from the bidding company or any of its subsidiaries or authorised agents;
- the price shown on each tender;
- a note where price alterations have been made on the tender.

i. Each entry to this register shall be signed by those present.

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

i. Incomplete tenders, i.e. those from which information necessary for the adjudication of the tender is missing, and amended tenders i.e., those amended by the tenderer upon their own initiative either orally or in writing after the due time for receipt, but prior to the opening of other tenders, should be dealt with in the same way as late tenders. (SFI No. 8.6.5 below).

8.6.4 Admissibility

- (i) If for any reason the designated officers are of the opinion that the tenders received are not strictly competitive (for example, because their numbers are insufficient or any are amended, incomplete or qualified) no contract shall be awarded without the approval of the Chief Executive.
- (ii) Where only one tender is sought and/or received, the Chief Executive and Chief Finance and Investment Officer shall, as far practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for the Trust. (See also SFI No. 8.5.3)

8.6.5 Late tenders

- (i) Tenders received after the due time and date, but prior to the opening of the other tenders, may be considered only if the Chief Executive or their nominated officer decides that there are exceptional circumstances i.e. despatched in good time but delayed through no fault of the tenderer.
- (ii) Only in the most exceptional circumstances will a tender be considered which is received after the opening of the other tenders, and only then if the tenders that have been duly opened have not left the custody of the Chief Executive or their nominated officer or if the process of evaluation and adjudication has not started.
- (iii) While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential, recorded, and held in safe custody by the Chief Executive or their nominated officer.

8.6.6 Acceptance of formal tenders

- (i) Any discussions with a tenderer which are deemed necessary to clarify technical aspects of their tender before the award of a contract will not disqualify the tender.
- (ii) The lowest tender, if payment is to be made by the Trust, or the highest, if payment is to be received by the Trust, shall be accepted unless there are good and sufficient reasons to the contrary. Such reasons shall be set out in either the contract file, or other appropriate record.

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

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

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

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

8.6.7 Tender reports to the Trust Board

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

8.6.8 List of approved firms (see SFI No. 8.5.5)

- (a) Responsibility for maintaining list

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

- (b) Building and Engineering Construction Works
- i) Tenderers shall ensure that when engaging, training, promoting or dismissing employees or in any conditions of employment, shall not discriminate against any person because of colour, race, ethnic or national origins, religion or sex, and will comply with the provisions of the Equal Pay Act 1970, the Sex Discrimination Act 1975, the Race Relations Act 1976, and the Disabled Persons (Employment) Act 1944 and any amending and/or related legislation.
 - ii) Firms shall conform at least with the requirements of the Health and Safety at Work Act and any amending and/or other related legislation concerned with the health, safety and welfare of workers and other persons, and to any relevant British Standard Code of Practice issued by the British Standard Institution. Firms must provide to the appropriate manager a copy of its safety policy and evidence of the safety of plant and equipment, when requested.

(c) Financial Standing and Technical Competence of Contractors

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

8.6.9 Exceptions to using approved contractors

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

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

8.6.10 Objections to tender process

If a tender process is halted due to a supplier, or potential supplier, objecting to or having an injunction submitted in relation to the tender process then those staff directly involved in the tender process to date will have no further connection with any new Invitation to Tender process.

8.7 Quotations: Competitive and non-competitive

8.7.1 General Position on quotations

Quotations are required where formal tendering procedures are not adopted and where the intended expenditure or income exceeds, or is reasonably expected to exceed £5,000 but not exceed £49,999. The following limits shall be applied in respect of competitive quotations:

Financial Limit	Minimum Quotations Required
£5,000 - £9,999	2 Written Quotes
£10,000 - £49,999	3 Written Quotes
£50,000 - £122,976 ¹	4 competitive tenders

8.7.2 Competitive Quotations

- (i) Quotations should be obtained from at least 2 firms/individuals based on specifications or terms of reference prepared by, or on behalf of, the Trust.
- (ii) Quotations should be in writing unless the Chief Executive or their nominated officer determines that it is impractical to do so in which case quotations may be obtained by telephone. Confirmation of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record.
- (iii) All quotations should be treated as confidential and should be retained for inspection.
- (iv) The Chief Executive or their nominated officer should evaluate the quotation and select the quote which gives the best value for money. If this is not the lowest quotation if payment is to be made by the Trust, or the highest if payment is to be received by the Trust, then the choice made and the reasons why should be recorded in a permanent record.

8.7.3 Non-Competitive Quotations

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

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

8.7.4 Quotations to be within Financial Limits

¹ From UK Exit Day, upper limit will be £118,133.

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

8.7.5 Contract value

The limits referred to in this section of the Standing Financial Instructions shall refer to the total purchase /contract value over the whole duration of the relevant contract including VAT where applicable.

8.8 Authorisation of Tenders and Competitive Quotations

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

Senior Service Lead	up to	£24,999
Relevant Managing Director	up to	£99,999
Responsible Executive Director	up to	£249,999
Executive Director and CFIO	up to	£499,999
Chief Executive and CFIO	over	£500,000

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

Formal authorisation must be put in writing.

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

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

- (a) the Trust shall use the NHS Supply Chain for procurement of all goods and services unless the Chief Executive or nominated officers deem it inappropriate. The decision to use alternative sources must be documented.
- (c) If the Trust does not use the NHS Supply Chain - where tenders or quotations are not required, because expenditure is below £5,000, the Trust shall procure goods and services in accordance with procurement procedures approved by the Chief Finance and Investment Officer.
- (d) Competitive tendering or competitive quotations are not required when a supplier is being set up for the onward payment of salary deductions etc.

8.10 Purchase orders

As a standard practice all procurement undertaken by the Trust shall be made through the raising of purchase orders where practicable. However, the use of purchase orders may be waived in the following circumstances:

- Telephones
 - Mobile phone handsets and contracts
 - Pagers rental and contracts
 - Line rental
 - Data lines (broadband)
 - **Excludes** desktop phones
- Staff deductions and salary sacrifice schemes
- Agency staff
 - Admin staff
 - Locum doctors
 - Nurses
 - Other specialist service providers
 - **Excludes** placement fees
 - **Excludes** contractors
- Service Level Agreements with other NHS organisations
- Payments to local authorities
 - Business rates
 - Council tax
 - Rent
 - Service Level Agreements with Las
 - **Excludes** parking permits, room hire, catering, advertising, away days etc
- Joint finance/grant payments to voluntary bodies
- Nursing homes
 - Care Homes
 - Private hospitals (Cygnet Health, Priory etc)
- Utility bills
 - Gas mains
 - Electricity
 - Water
 - Sewerage
 - Petrol/diesel (Esso card)
 - Coal/solid fuel

Excludes means no exemption applies, PO must be raised.

Invoices not covered by purchase orders shall be authorised in line with the provisions set out in the Scheme of Delegation.

8.11 Compliance requirements for all contracts

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

- (a) The Trust's Standing Orders and Standing Financial Instructions;
- (b) EU Directives and other statutory provisions;
- (c) any relevant directions including the Capital Investment Manual, Estate code and guidance on the Procurement and Management of Consultants;
- (d) the NHS Standard Contract Conditions as are applicable.

- (e) contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance.
- (f) Where appropriate contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited.
- (g) In all contracts made by the Trust, the Board shall endeavour to obtain best value for money by use of all systems in place. The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Trust.

8.12 Personnel and Agency or Temporary Staff Contracts

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

8.13 Healthcare Services Agreements (see overlap with SFI No. 7)

Service agreements with NHS providers for the supply of healthcare services shall be drawn up in accordance with the NHS and Community Care Act 1990 and administered by the Trust. Service agreements are not contracts in law and therefore not enforceable by the courts. However, a contract with a Foundation Trust, being a PBC, is a legal document and is enforceable in law.

The Chief Executive shall nominate officers to commission service agreements with providers of healthcare in line with a commissioning plan approved by the Board.

8.14 Disposals (See overlap with SFI No. 16)

8.14.1 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 their nominated officer;
- (b) obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy of the Trust;
- (c) items to be disposed of with an estimated sale value of less than £1,000, this figure to be reviewed on a periodic basis;
- (d) items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;
- (e) land or buildings concerning which DH guidance has been issued but subject to compliance with such guidance.

8.15 In-house Services

8.15.1 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.

8.15.2 In all cases where the Board determines that in-house services should be subject to competitive tendering the following groups shall be set up:

- (a) Specification group, comprising the Chief Executive or nominated officer/s and specialist.
- (b) In-house tender group, comprising a nominee of the Chief Executive and technical support.
- (c) Evaluation team, comprising normally a specialist officer, a Procurement officer and a Chief Finance and Investment Officer representative. For services having a likely annual expenditure exceeding £250,000, a non-officer member should be a member of the evaluation team.

8.15.3 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.

8.15.4 The evaluation team shall make recommendations to the Board.

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

8.16 Applicability of SFIs on Tendering and Contracting to funds held in trust (see overlap with SFI No. 8)

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

8.17 Bribery Act 2010

8.17.1 All staff and suppliers are expected to be aware of, and to comply with, the requirements of the Bribery Act 2010. Positive confirmation of this will be obtained from all suppliers.

8.18 Due Diligence

8.18.1 Due diligence checks are required on prospective suppliers to mitigate risks to the Trust. These must be completed and documented before any new supplier application can be approved.

9. NHS SERVICE AGREEMENTS FOR PROVISION OF SERVICES (see overlap with SFI No. 6.13)

9.1 Service Level Agreements (SLAs)

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

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

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

9.1.2 Signing of Service Level Agreements/Contracts

Service Level Agreements for the provision of services provided by the Trust shall be signed in accordance with the table below:

SLAs and contract Amount	Responsible Signatory
a) Signing of contracts and SLAs for Services provided by the Trust for an amount of below £100,000 per annum	Any Executive Director
b) Signing of contracts and SLAs for Services provided by the Trust for an amount of less than £500,000 per annum	Chief Finance and Investment Officer
c) Signing of contracts for SLAs and services provided by the Trust for an amount of below £1,000,000 per annum	Chief Executive
d) Signing of contracts for SLAs and services provided by the Trust for an amount of above £1,000,000 per annum	Chief Executive and Chief Finance and Investment Officer

9.2 Involving Partners and jointly managing risk

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

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

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

- 10.1.1 In accordance with Standing Orders the Board shall establish a Remuneration and Terms of Service Committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting. (See NHS guidance contained in the Higgs report.)

- 10.1.2 The Committee will:

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

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

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

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

10.2 Funded Establishment

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

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

10.3 Staff Appointments

10.3.1 No officer or Member of the Trust Board or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration:

(a) unless authorised to do so by the Chief Executive;

(b) within the limit of their approved budget and funded establishment.

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

10.4 Processing Payroll

10.4.1 The Chief Finance and Investment Officer is responsible for:

(a) methods of payment available to various categories of employee and officers;

(b) procedures for payment by cheque, bank credit, or cash to employees and officers;

(c) procedures for the recall of cheques and bank credits;

(d) maintenance of regular and independent reconciliation of pay control accounts;

(e) separation of duties of preparing records and handling cash;

(f) a system to ensure the recovery from those leaving the employment of the Trust of sums of money and property due by them to the Trust.

10.4.2 The Executive Director of Workforce is responsible for:

- a) specifying timetables for submission of properly authorised time records and other notifications;
- b) the final determination of pay and allowances;
- c) making payment on agreed dates;
- d) verification and documentation of data;
- e) the timetable for receipt and preparation of payroll data and the payment of employees and allowances;
- f) security and confidentiality of payroll information;
- g) authority to release payroll data under the provisions of the Data Protection Act;
- h) pay advances and their recovery;
- i) maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
- j) checks to be applied to completed payroll before and after payment;
- k) agreeing method of payment

10.4.3 Appropriately nominated managers have delegated responsibility for:

- (a) submitting time records, and other notifications in accordance with agreed timetables;
- (b) completing time records and other notifications in accordance with the Executive Director of Workforce instructions and in the form prescribed by the Chief Finance and Investment Officer;
- (c) submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's or officer's resignation, termination or retirement. Where an employee fails to report for duty or to fulfil obligations in circumstances that suggest they have left without notice, the Executive Director of Workforce must be informed immediately.

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

10.5 Contracts of Employment

10.5.1 The Board shall delegate responsibility to an officer for:

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

11. NON-PAY EXPENDITURE

11.1 Delegation of Authority

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

11.1.2 The Chief Executive will set out:

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

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

11.2 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services (see overlap with Standing Financial Instruction No. 8)

11.2.1 Requisitioning

The requisitioner, in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the Trust. In so doing, the advice of the Trust's adviser on supply shall be sought. Where this advice is not acceptable to the requisitioner, the Chief Finance and Investment Officer (and/or the Chief Executive) shall be consulted.

11.2.2 System of Payment and Payment Verification

The Chief Finance and Investment Officer shall be responsible for the prompt payment of accounts and claims. Payment of contract invoices shall be in accordance with contract terms, or otherwise, in accordance with national guidance.

11.2.3 The Chief Finance and Investment Officer will:

- (a) advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in Standing Orders and Standing Financial Instructions and regularly reviewed;

- (b) prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds;
- (c) be responsible for the prompt payment of all properly authorised accounts and claims;
- (d) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
 - (i) A list of 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 Chief Finance and Investment Officer of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment.
 - (iv) Instructions to employees regarding the handling and payment of accounts within the Finance Department.
- (e) be responsible for ensuring that payment for goods and services is only made once the goods and services are received. The only exceptions are set out in SFI No. 11.2.4 below.

11.2.4 Prepayments

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

- (a) Prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to NPV using the National Loans Fund (NLF) rate plus 2%).
- (b) The appropriate officer must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the Trust if the supplier is at some time during the course of the prepayment agreement unable to meet their commitments;
- (c) The Chief Finance and Investment Officer will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold);
- (d) The budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate Director or Chief Executive if problems are encountered.

11.2.5 Official orders

Official Orders must:

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

11.2.6 Duties of Managers and Officers

Managers and officers must ensure that they comply fully with the guidance and limits specified by the Chief Finance and Investment Officer and that:

- (a) all contracts (except as otherwise provided for in the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Chief Finance and Investment Officer in advance of any commitment being made;
- (b) contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement;
- (c) where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health;
- (d) no order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to directors or employees, other than:
 - (i) isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;

- (ii) conventional hospitality, such as lunches in the course of working visits;

(This provision needs to be read in conjunction with Standing Order No. 7 and the principles outlined in the national guidance contained in HSG 93(5) "Standards of Business Conduct for NHS Staff");

- (e) no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Chief Finance and Investment Officer on behalf of the Chief Executive;
- (f) all goods, services, or works are ordered on an official order except works and services executed in accordance with a contract and purchases from petty cash;
- (g) verbal orders must only be issued very exceptionally - by an employee designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "Confirmation Order";
- (h) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- (i) goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;
- (j) changes to the list of employees and officers authorised to certify invoices are notified to the Chief Finance and Investment Officer;
- (k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Chief Finance and Investment Officer;
- (l) petty cash records are maintained in a form as determined by the Chief Finance and Investment Officer.
- (m) If the value of a Purchase Order invoice exceeds that of the order:
 - o Where the quantity of an item invoiced is higher than the purchase order quantity, the invoice must be returned to the budget holder for additional authorisation;
 - o Where the price of an item exceeds the price quoted on the purchase order by less than 5%, the invoice will not be returned for additional authorisation but will be paid;
 - o Where the price of an item exceeds the price quoted on the purchase order by more than 5%, the invoice will be returned to the budget holder for further approval.

11.2.7 The Chief Executive and Chief Finance and Investment Officer shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within CONCODE and ESTATECODE. The technical audit of these contracts shall be the responsibility of the relevant Director.

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

- 11.3.1 Payments to local authorities and voluntary organisations made under the powers of the relevant section of the NHS Act **shall** comply with procedures laid down by the Chief Finance and Investment Officer which shall be in accordance with these Acts. (See overlap with Standing Order No. 9.1)

12. EXTERNAL BORROWING

- 12.1.1 The Chief Finance and Investment Officer will advise the Board concerning the Trust's ability to pay dividend on, and repay Public Dividend Capital and any proposed new borrowing, within the limits set by the Department of Health. The Chief Finance and Investment Officer is also responsible for reporting periodically to the Board concerning the PDC debt and all loans and overdrafts.
- 12.1.2 The Board will agree the list of employees (including specimens of their signatures) who are authorised to make short term borrowings on behalf of the Trust. This must contain the Chief Executive and the Chief Finance and Investment Officer.
- 12.1.3 The Chief Finance and Investment Officer must prepare detailed procedural instructions concerning applications for loans and overdrafts.
- 12.1.4 All short-term borrowings should be kept to the minimum period of time possible, consistent with the overall cashflow position, represent good value for money, and comply with the latest guidance from the Department of Health.
- 12.1.5 Any short-term borrowing must be with the authority of two members of an authorised panel, one of which must be the Chief Executive or the Chief Finance and Investment Officer. The Board must be made aware of all short term borrowings at the next Board meeting.
- 12.1.6 All long-term borrowing must be consistent with the plans outlined in the current STP and local commissioning plans and be approved by the Trust Board.

12.2 Investments

- 12.2.1 Temporary cash surpluses must be held only in such public or private sector investments as notified by the Secretary of State and authorised by the Board.
- 12.2.2 The Chief Finance and Investment Officer is responsible for advising the Board on investments and shall report periodically to the Board concerning the performance of investments held.
- 12.2.3 The Chief Finance and Investment Officer will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

13. FINANCIAL FRAMEWORK

- 13.1 The Chief Finance and Investment Officer should ensure that members of the Board are aware of the Financial Framework. This document contains directions which the Trust must follow. It also contains directions to the Trust Development

Agency regarding resource and capital allocation and funding to Trust's. The Chief Finance and Investment Officer should also ensure that the direction and guidance in the framework is followed by the Trust.

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

14.1 Capital Investment

14.1.1 The Chief Executive:

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

14.1.2 For every capital expenditure proposal, where it is required by the trust "Business Case Review Panel & Business Case Development Process", the Chief Executive shall ensure a full business case is produced to the standards and contents required by the Business Case Review Panel & Business Case Development Process", and is authorised in accordance with this.

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

14.1.4 The Chief Finance and Investment Officer shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with H M Revenue and Customs' guidance.

14.1.5 The Chief Finance and Investment Officer shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.

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

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

- (a) specific authority to commit expenditure;
- (b) authority to proceed to tender (see overlap with SFI No. 8.6);
- (c) approval to accept a successful tender (see overlap with SFI No. 8.6).

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

14.1.7 Quotations for capital works

Quotations are required where formal tendering procedures are not adopted and where the intended expenditure is reasonably expected to exceed £5,000 but not exceed £100,000. The following limits shall be applied in respect of quotations for capital orders:

Financial Limit	Minimum Quotations Required
£5,000 - £9,999	2 Written Quotes
£10,000 - £99,999	3 Written Quotes

14.1.8 The Chief Finance and Investment Officer shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes. These procedures shall fully take into account the delegated limits for capital schemes included in the NHSI publication "Capital regime, investment and property business case approval guidance for NHS providers".

14.2 borrowing

14.1.9 When the Trust proposes to use finance which is to be provided other than through its Allocations, the following procedures shall apply:

- (a) The Chief Finance and Investment Officer shall demonstrate that the use of private borrowing represents value for money and genuinely transfers significant risk to the private sector.
- (b) Where the sum involved exceeds delegated limits, the business case must be referred to the Department of Health or in line with any current guidelines.
- (c) The proposal must be specifically agreed by the Board.

14.3 Asset Registers

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

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

14.3.3 Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:

- (a) properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
- (b) stores, requisitions and wages records for own materials and labour including appropriate overheads;

- (c) lease agreements in respect of assets held under a finance lease and capitalised.
- 14.3.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).
- 14.3.5 The Chief Finance and Investment Officer shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 14.3.6 The value of each asset shall be indexed to current values in accordance with methods specified in the *Group Accounting Manual* issued by the Department of Health.
- 14.3.7 The value of each asset shall be depreciated using methods and rates as specified in the *Group Accounting Manual* issued by the Department of Health.
- 14.3.8 The Chief Finance and Investment Officer of the Trust shall calculate and pay capital charges as specified in the *Group Accounting Manual* issued by the Department of Health.

14.4 Security of Assets

- 14.4.1 The overall control of fixed assets is the responsibility of the Chief Executive.
- 14.4.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Chief Finance and Investment Officer. This procedure shall make provision for:
 - (a) recording managerial responsibility for each asset;
 - (b) identification of additions and disposals;
 - (c) identification of all repairs and maintenance expenses;
 - (d) physical security of assets;
 - (e) periodic verification of the existence of, condition of, and title to, assets recorded;
 - (f) identification and reporting of all costs associated with the retention of an asset;
 - (g) reporting, recording and safekeeping of cash, cheques, and negotiable instruments.
- 14.4.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Chief Finance and Investment Officer.
- 14.4.4 Whilst each employee and officer has a responsibility for the security of property of the Trust, it is the responsibility of Board members and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the Board. Any breach of agreed security practices must be reported in accordance with agreed procedures.

14.4.5 Any damage to the Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by Board members and employees in accordance with the procedure for reporting losses.

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

15. STORES AND RECEIPT OF GOODS

15.1 General position

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

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

15.2 Control of Stores, Stocktaking, condemnations and disposal

15.2.1 Subject to the responsibility of the Chief Finance and Investment Officer for the systems of control, overall responsibility for the control of stores shall be delegated to an employee by the Chief Executive. The day-to-day responsibility may be delegated by him to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the Chief Finance and Investment Officer. 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. The control of infection control stocks shall be the responsibility of the relevant service manager.

15.2.2 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 Trust property.

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

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

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

15.2.6 The designated Manager/Pharmaceutical Officer shall be responsible for a system approved by the Chief Finance and Investment Officer 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 Chief Finance and Investment Officer any evidence of significant overstocking and of any negligence

or malpractice (see also overlap with SFI No. 16 Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

15.3 Goods supplied by NHS Supply Chain

- 15.3.1 For goods supplied via the NHS Supply Chain central warehouses, the Chief Executive shall identify those authorised to requisition and accept goods from the store. The authorised person shall check receipt against the delivery note before forwarding this to the Chief Finance and Investment Officer or nominated representative who shall satisfy himself that the goods have been received before accepting the recharge.

16. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

16.1 Disposals and Condemnations

16.1.1 Procedures

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

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

16.1.3 All unserviceable articles shall be:

- (a) condemned or otherwise disposed of by an employee authorised for that purpose by the Chief Finance and Investment Officer;
- (b) recorded by the Condemning Officer in a form approved by the Chief Finance and Investment Officer which will indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the Chief Finance and Investment Officer.

- 16.1.4 The Condemning Officer shall satisfy himself as to whether or not there is evidence of negligence in use and shall report any such evidence to the Chief Finance and Investment Officer who will take the appropriate action.

16.2 Losses and Special Payments

16.2.1 Procedures

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

- 16.2.2 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately inform the Chief Executive and the Chief Finance and Investment Officer or inform an officer charged with responsibility for responding to concerns involving loss. This officer

will then appropriately inform the Chief Finance and Investment Officer and/or Chief Executive. Where a criminal offence is suspected, the Chief Finance and Investment Officer must immediately inform the police if theft or arson is involved. In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the Chief Finance and Investment Officer must inform the relevant LCFS and NHS Counter Fraud Authority's regional team in accordance with Secretary of State for Health's Directions.

The Chief Finance and Investment Officer must notify the Local Counter Fraud Service and the External Auditor of all identified frauds.

- 16.2.3 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Chief Finance and Investment Officer must immediately notify:
- (a) the Board,
 - (b) the External Auditor.
- 16.2.4 Within limits delegated to it by the Department of Health, the Board shall approve the writing-off of losses.
- 16.2.5 The Chief Finance and Investment Officer shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.
- 16.2.6 For any loss, the Chief Finance and Investment Officer should consider whether any insurance claim can be made.
- 25.2.7 The Chief Finance and Investment Officer shall maintain a Losses and Special Payments Register in which write-off action is recorded.
- 16.2.8 No special payments exceeding delegated limits shall be made without the prior approval of the Department of Health.
- 16.2.9 All losses and special payments must be reported to the Audit Committee at every meeting.

17. INFORMATION TECHNOLOGY

17.1 Responsibilities and duties of the Chief Executive

- 17.1.1 The Chief Executive, who is responsible for the accuracy and security of the computerised financial data of the Trust, shall:
- (a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Trust's data, programs and computer hardware for which the Director is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998;
 - (b) ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;

- (c) ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
- (d) ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as the Director may consider necessary are being carried out.

17.1.2 The Chief Finance and Investment Officer shall need to ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation.

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

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

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

- (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.

If the Chief Information Officer agrees to the implementation of the system details will be forwarded to the Chief Executive for approval.

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

17.3.1 The Chief Executive 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.

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

17.4 Risk Assessment

17.4.1 The Chief Executive 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.

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

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

18. PATIENTS' PROPERTY

18.1 The Trust has a responsibility to provide safe custody for money and other personal property (hereafter referred to as "property") handed in by patients, in the possession of unconscious or confused patients, or found in the possession of patients dying in hospital or dead on arrival.

18.2 The Chief Executive is responsible for ensuring that patients or their guardians, as appropriate, are informed before or at admission by:

- notices and information booklets; (notices are subject to sensitivity guidance)
- hospital admission documentation and property records;
- the oral advice of administrative and nursing staff responsible for admissions,

that the Trust will not accept responsibility or liability for patients' property brought into Health Service premises, unless it is handed in for safe custody and a copy of an official patients' property record is obtained as a receipt.

18.3 The Chief Finance and Investment Officer must provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients' property (including instructions on the disposal of the property of deceased patients and of patients transferred to other premises) for all staff whose duty is to administer, in any way, the property of patients. Due care should be exercised in the management of a patient's money in order to maximise the benefits to the patient.

18.4 Where Department of Health instructions require the opening of separate accounts for patients' monies, these shall be opened and operated under arrangements agreed by the Chief Finance and Investment Officer.

18.5 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.

- 18.6 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.
- 18.7 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.

19. FUNDS HELD ON TRUST

19.1 Corporate Trustee

- a) Standing Order No. 2.8 outlines the Trust's responsibilities as a corporate trustee for the management of funds it holds on trust, along with SFI 4.9.3 that defines the need for compliance with Charity Commission latest guidance and best practice.
- b) 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.
- c) The Chief Finance and Investment Officer shall ensure that each trust fund which the Trust is responsible for managing is managed appropriately with regard to its purpose and to its requirements.

19.2 Accountability to Charity Commission and Secretary of State for Health

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

19.3 Applicability of Standing Financial Instructions to funds held on Trust

- a) 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.
- b) 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.

20. ACCEPTANCE OF GIFTS BY STAFF AND LINK TO STANDARDS OF BUSINESS CONDUCT (see overlap with SO No. 7 and SFI No. 11.2.6 (d))

20.1 The Trust Board Secretary shall ensure that all staff are made aware of the Trust policy on acceptance of gifts and other benefits in kind by staff. This policy follows the guidance contained in the NHS England publication “Managing Conflicts of Interest in the NHS - Guidance for staff and organisations” and is also deemed to be an integral part of these Standing Orders and Standing Financial Instructions (see overlap with SO No. 7).

21. RETENTION OF RECORDS

21.1 The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with Department of Health guidelines.

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

21.3 Records held in accordance with latest Department of Health guidance shall only be destroyed at the express instigation of the Chief Executive. Detail shall be maintained of records so destroyed.

22. RISK MANAGEMENT AND INSURANCE

22.1 Programme of Risk Management

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

22.1.2 The programme of risk management shall include:

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

The existence, integration and evaluation of the above elements will assist in providing a basis to produce the Annual Governance Statement (AGS) within the Annual Report and Accounts as required by current Department of Health guidance.

22.2 Insurance: Risk Pooling Schemes administered by NHS Resolution

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

22.3 Insurance arrangements with commercial insurers

22.3.1 There is a general prohibition on entering into insurance arrangements with commercial insurers. There are, however, **two exceptions** when Trust's may enter into insurance arrangements with commercial insurers. The exceptions are:

- a) Trust's may enter commercial arrangements for **insuring motor vehicles** owned by the Trust including insuring third party liability arising from their use; and
- b) where **income generation activities** take place. Income generation activities should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by the Trust for a NHS purpose the activity may be covered in the risk pool. Confirmation of coverage in the risk pool must be obtained from the NHS Resolution. In any case of doubt concerning a Trust's powers to enter into commercial insurance arrangements the Chief Finance and Investment Officer should consult the Department of Health.

22.4 Arrangements to be followed by the Board in agreeing Insurance cover

- (1) Where the Board decides to use the risk pooling schemes administered by NHS Resolution the Chief Finance and Investment Officer shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Chief Finance and Investment Officer shall ensure that documented procedures cover these arrangements.
- (2) Where the Board decides not to use the risk pooling schemes administered by NHS Resolution for one or other of the risks covered by the schemes, the Chief Finance and Investment Officer shall ensure that the Board is informed of the nature and extent of the risks that are self insured as a result of this decision. The Chief Finance and Investment Officer will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses which will not be reimbursed.
- (3) All the risk pooling schemes require Scheme members to make some contribution to the settlement of claims (the 'deductible'). The Chief Finance and Investment Officer should ensure documented procedures also cover the management of claims and payments below the deductible in each case.