

# STANDING FINANCIAL INSTRUCTIONS

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## STANDING FINANCIAL INSTRUCTIONS

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## 1. INTRODUCTION

### 1.1 General

- 1.1.1 These Standing Financial Instructions (SFIs) detail the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and the Independent Regulator's relevant guidance. They should be used in conjunction with the *Scheme of Decisions and Scheme of Delegation* and Annex 7 of the Trust's Constitution "*Standing Orders for the Board of Directors*" (the Trust's Standing Orders).
- 1.1.2 These SFIs identify the financial responsibilities that apply to everyone working for the Trust and its constituent organisations including any trading units. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance. These SFIs do not set out in full the requirements of the Independent Regulator's guidance and all relevant guidance of the Independent Regulator should be consulted. Such guidance will also change over time and these SFIs do not record or reference all such applicable guidance.
- 1.1.3 Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance must be sought before acting. The user of these SFIs should also be familiar with and comply with the provisions of the Trust's Standing Orders (SOs).
- 1.1.4 **Failure to comply with SFIs and SOs is a disciplinary matter that could result in dismissal.**
- 1.1.5 If for any reason these SFIs are not complied with full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit Committee for referring action or ratification. All members of the Board and staff have a duty to disclose any non-compliance with these SFIs to the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance as soon as possible.
- 1.1.6 Officers of the Trust should note that the SFIs, SOs and Scheme of Decisions and Scheme of Delegation do not contain every legal obligation applicable to the Trust. The Trust and each officer of the Trust must comply with all requirements of legislation (which shall mean any statute, subordinate or secondary legislation, any enforceable community right within the meaning of section 2(1) European Communities Act 1972 and any applicable judgment of a relevant court of law which is a binding precedent in England) and all guidance and directions binding on the Trust. Legislation, guidance and directions will impose requirements additional to the SOs, SFIs and Scheme of Decisions and Scheme of Delegation. All such legislation and binding guidance and directions shall take precedence over these SFIs, SOs and the Scheme of Decisions and Scheme of Delegation. The SFIs, SOs and Scheme of Decisions and Scheme of Delegation shall be interpreted accordingly.
- 1.1.7 All policies and procedures of the Trust, to the extent that they are consistent with this SFI, must be followed by all Governors, Directors and Officers of the Trust in addition to the provisions of this SFI (whether specifically referenced in this schedule or not).

### 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 the Annual Plan and budgets within 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 Decisions and Scheme of Delegation document.

### 1.2.2 **The Chief Executive and ~~Director of Finance, Contracting and Facilities~~ Interim Executive Director of Finance**

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

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

1.2.3 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.

### 1.2.4 **The ~~Director of Finance, Contracting and Facilities~~ Interim Executive Director of Finance**

The ~~Director of Finance, Contracting and Facilities~~ Interim Executive Director of Finance is responsible for:

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

and, without prejudice to any other functions of the Trust, and employees of the Trust, the duties of the ~~Director of Finance, Contracting and Facilities~~ Interim Executive Director of Finance include:

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

### 1.2.5 **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 Decisions and Scheme of Delegation.

### 1.2.6 **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.

- 1.2.7 For all members of the Board and any employees who carry out a financial function, the form in which financial records are kept and the manner in which members of the Board and employees discharge their duties must be to the satisfaction of the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance.

## **2. AUDIT**

### **2.1 Audit Committee**

The Committee has been formally constituted by the Board in accordance with its Standing Orders and will report through to the Board of Directors.

The Committee is authorised to investigate any activity within its Terms of Reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any requests made by the Committee.

The Committee is authorised to obtain outside legal and other independent professional advice and to secure the attendance of outsiders with relevant experience, expertise if it considers it necessary.

### **2.2 Scope and Duties**

- 2.2.1 To provide the Board of Directors with a means of independent and objective review of financial systems, internal financial control, financial information used by the Trust and compliance with law, guidance and codes of conduct and accountability.
- 2.2.2 To monitor the implementation of policies and procedures and standards of probity and business conduct for the Board of Directors and staff.
- 2.2.3 To review the annual financial statements before submission to the Board, focusing particularly on:-
- (a) Changes in/and compliance with accounting policies and practices
  - (b) Major judgmental areas
  - (c) Significant adjustments resulting from the audit
- 2.2.4 To review the establishment and maintenance of an effective system of internal control and risk management.

- 2.2.5 Review the adequacy of all risk and control related disclosure statements together with any accompanying Head of Internal Audit Annual Opinion Statement prior to endorsement by the Board. This will encompass all risks that affect the Trust not just financial risks.
- 2.2.6 Review the structure processes and responsibility for identifying and managing key risks facing the organisation.
- 2.2.7 Review policies for ensuring that there is compliance with relevant regulatory, legal, and code of conduct requirements as set out in the relevant guidance.
- 2.2.8 Review and monitor tenders waived.
- 2.2.9 Review the operational effectiveness of policies and procedures.
- 2.2.10 Review the policies and procedures for all work related to fraud and corruption as set out in the NHS Counter Fraud Authority's Counter Fraud Standards for Providers.
- 2.2.11 Review and monitor the Trust's Board Assurance Framework.
- 2.2.12 To consider the appointment of the Local Counter Fraud Service (LCFS).
- 2.2.13 To consider the appointment of the Internal Audit Services, the audit fee and any questions of resignation and dismissal.
- 2.2.14 To review the internal audit programme considering the major findings of internal audit investigations and management's response and ensure co-ordination between the Internal and External Auditors.
- 2.2.15 To ensure that the Internal Audit function is adequately resourced and has appropriate standing within the organisation.
- 2.2.16 To advise and support the appointment of the External Auditors by the Council of Governors.
- 2.2.17 To discuss with External Audit before the audit commences, the nature and scope of the audit and ensure co-ordination as appropriate with External Auditors within the local health economy.
- 2.2.18 To review External Audit reports including value for money reports and annual audit letters, together with the management response.
- 2.2.19 To review proposed changes to Standing Orders and Standing Financial Instructions, unless a situation should arise that would result in delaying urgent revisions to the documents being made. In these circumstances, this task can be escalated to the Board of Directors.
- 2.2.20 To examine circumstances associated with each occasion when Chair's Action is taken to waive Standing Orders and/or Standing Financial Instructions.
- 2.2.21 To review schedules of losses and compensation and make recommendations to the Trust Board.

### **2.3 Director of Finance, Contracting and Facilities Interim Executive Director of Finance**

2.3.1 The Director of Finance, Contracting and Facilities Interim Executive Director of Finance is responsible for:

- (a) ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective internal audit function; ensuring that the internal audit is adequate and meets the NHS internal audit standards, the Audit Code for NHS Foundation Trusts;



- (b) deciding at what stage to involve the police in cases of fraud, misappropriation and other regularities; and
- (c) ensuring there are appropriate terms of reference for the internal audit function, and that these are reflected in the SFIs.

2.3.2 The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance or designated Auditors are entitled, without necessarily giving prior notice, to require and receive:

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

## 2.4 Role of Internal Audit

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

2.4.2 The Head of Internal Audit will provide an annual opinion statement, in accordance with Department of Health guidelines, which will be based on a systematic review and evaluation of risk management, control and governance which comprises the policies, procedures and operations in place to:

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

2.4.3 Where key systems are being operated on behalf of the Trust by any body external to the Trust, the Head of Internal Audit must ensure arrangements are in place to form an opinion on their effectiveness.

2.4.4 Where the Trust operates systems on behalf of other bodies, the Head of Internal Audit must be consulted on the audit arrangements proposed or in place.

2.4.5 Whenever a matter arises which involves, or is thought to involve, irregularities concerning cash, stores or other property or any suspected irregularity in the exercise of any function of a pecuniary nature, the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance must be notified immediately.

- 2.4.6 The Head of Internal Audit will normally attend Audit Committee meetings and has a right of access to all Audit Committee members, the Chair and Chief Executive of the Trust.
- 2.4.7 The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance shall produce written procedures for the issue and clearance of audit reports. These shall include the appropriate following action and the steps to be taken when managers fail to take remedial action within the appropriate time period.
- 2.4.8 Where in exceptional circumstances the use of normal reporting channels could be seen as possibly limiting the objectivity of the audit, the Head of Internal Audit shall have access to report directly to the Chair or Deputy Chair of the Board, Chair of the Audit Committee or Chief Executive.
- 2.4.9 The Head of Internal Audit shall be accountable to the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance. The reporting system for internal audit shall be agreed between the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance, the Audit Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with any guidance on reporting contained in the Audit code for NHS Foundation Trusts. The reporting system shall be reviewed at least every three years

## **2.5. External Audit**

- 2.5.1 The Council of Governors shall appoint or remove the auditor at a general meeting of the Council of Governors.
- 2.5.2. The Audit Code for NHS Foundation Trusts (“The Audit Code”) contains directions of the Independent Regulator under Schedule 7 paragraph 24 of the National Health Service Act 2006, with respect to the standards, procedures and techniques to be adopted by the Auditor.
- 2.5.3 The Trust shall apply and comply with the Code of Audit Practice.
- 2.5.4 The Auditor shall be required by the Trust to comply with the Code of Audit Practice.
- 2.5.5 SFI 2.3.2 relates equally to internal and external audit.
- 2.5.6 In the event of the Auditor issuing a public interest report the Trust shall forward a report to the Independent Regulator within 30 days (or such shorter period as the Independent Regulator may specify) of the report being issued. The report shall include details of the Trust’s response to the issues raised within the public interest report.

## **2.6. Fraud and Corruption**

- 2.6.1 The Trust shall take all necessary steps to counter fraud and deal effectively with security management issues affecting NHS funded services in accordance with:
- (a) the NHS Anti-Fraud Manual;
  - (b) the policy statement “Applying appropriate sanctions consistently” published by NHS Protect (the predecessor organisation to the NHS Counter Fraud Authority);
  - (c) any other reasonable guidance or advice issued by the NHS Counter Fraud Authority that affects efficiency, systemic and/or procedural matters; and
  - (d) the security management manual.
  - (e) the Trust’s Fraud, Bribery & Corruption policy

- 2.6.2. The Chief Executive and ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance shall monitor and ensure compliance with the above.
- 2.6.3 The Trust shall nominate a suitable person to carry out the duties of the local counter fraud specialist (LCFS) and local security management specialist (LSMS) in accordance with relevant Counter Fraud and Security Management Standards for Providers.
- 2.6.4 The LCFS and LSMS shall report to the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance and shall work with staff in the NHS Counter Fraud Authority in accordance with the NHS Anti-Crime Manual

### **3. BUSINESS 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 Business Plan will contain:
- (a) a statement of the significant assumptions on which the plan is based
  - (b) details of major changes in workload, delivery of services or resources required to achieve the plan
  - (c) full compliance with the Independent Regulator's requirements as detailed in the authorisation
- 3.1.2 Prior to the start of the financial year the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance will, on behalf of the Chief Executive, prepare and submit budgets for approval by the Board. Such budgets will:
- (a) be in accordance with the aims and objectives set out in the Business Plan;
  - (b) accord with workload and manpower plans;
  - (c) be produced following discussion with appropriate budget holders;
  - (d) be prepared within the limits of available funds;
  - (e) identify potential risks; and
  - (f) enable the Trust to comply with the prudential borrowing code set out by the Independent Regulator.
- 3.1.3 The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance shall monitor financial performance against budget and plan, periodically review them, and report to the Board.
- 3.1.4 All budget holders must provide information as required by the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance to enable budgets to be compiled.
- 3.1.5 All budget holders will sign up to their allocated budgets at the commencement of each financial year.
- 3.1.6 The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage successfully.

## 3.2 Budgetary Delegation

- 3.2.1 The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:
- (a) the amount of the budget;
  - (b) the purpose(s) of each budget heading;
  - (c) individual and group responsibilities;
  - (d) autonomy within approved Care Group budget envelope, income growth and any service line deficit recovery plans;
  - (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 but have autonomy within Board approved budget envelope income growth and any service line deficit recovery plan to vary budget in order to meet their agreed targets.
- 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 Should a major incident be declared, with the Trust enacting its emergency planning and preparedness framework as part of the business continuity plans, budgetary responsibility will be delegated as outlined in Appendix A on page 44.

## 3.3 Budgetary Control and Reporting

- 3.3.1 The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance will devise and maintain systems of budgetary control. These will include:
- (a) monthly financial reports to the Board in a form approved by the Board containing:
    - (i) income and expenditure to date showing trends and forecast year-end position;
    - (ii) movements in working capital;
    - (iii) movements in cash and capital;
    - (iv) capital project spend and projected outturn against plan;
    - (v) explanations of any material variances from plan; and
    - (vi) details of any corrective action where necessary and the Chief Executive's and/or ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance' 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, including providing information, support and challenge at monthly performance meetings; and
- (e) arrangements for the authorisation of budget transfers.

3.3.2 Each Budget Holder is responsible for ensuring that:

- (a) any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Board;
- (b) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement; and
- (c) no permanent employees are appointed without the approval of the Directors of Finance, Contracting and Facilities and Human Resources and Organisational Development other than those provided for within the available resources and manpower establishment as approved by the Board.

3.3.3 The Chief Executive is responsible for identifying trading gaps and implementing initiatives to close them in accordance with the requirements of a balanced budget.

3.3.4 In a situation of a major incident, with the Trust enacting its emergency planning and preparedness framework as part of the business continuity plans, budgetary reporting will take place as outlined in Appendix A on page 44.

#### **3.4 Capital Expenditure & Leases**

3.4.1 The Board approves the overall programme as part of the annual plan and delegates to Executive Management Team decisions on variations/business cases between £250k and £600k. The Capital Planning & Investment Group approves any below those limits. (The particular applications relating to capital are contained in SFI 11).

#### **3.5 NHS Improvement Returns**

3.5.1 The Chief Executive is responsible for ensuring that the appropriate forms are submitted as required by NHS England/Improvement and/or by the Department of Health and Social Care

### **4. ANNUAL ACCOUNTS AND REPORTS**

4.1.1 The Trust is to keep accounts in such form as NHS Improvement, the Independent Regulator, may direct. The accounts are to be audited by the Trust's external Auditor.

4.1.2 The following documents will be made available to the Comptroller and Auditor General for examination at his request

- (a) the accounts;
- (b) any records relating to them; and
- (c) any report of the external Auditor on them.

4.1.3 The Trust is to prepare in respect of each financial year annual accounts in such form as NHS Improvement may direct with the approval of the Treasury.

4.1.4 In preparing its annual accounts, the Trust is to comply with any directions given by NHS Improvement with the approval of the Treasury as to:

- (a) the methods and principles according to which the accounts are to be prepared; and

(b) the information to be given in the accounts.

4.1.5 The annual accounts, any report of the external Auditor on them, and the annual report are to be presented to the Council of Governors at a Members' Meeting.

4.1.6 The Trust shall:

(a) lay a copy of the annual accounts, and any report of the external Auditor on them, before Parliament; and

(b) send copies of those documents to NHS Improvement.

4.1.7 Responsibility for complying with the requirements relating to the form, preparation and presentation of the accounts shall be delegated to the Chief Executive.

## **4.2 Annual Report**

4.2.1 The Trust is to prepare annual reports and send them to NHS Improvement, the Independent Regulator. The reports are to give:

(a) information on any steps taken by the Trust to secure that (taken as a whole) the actual membership of its public constituencies and of the classes of the staff constituency is representative of those eligible for such membership; and

(b) any other information NHS Improvement, the Independent Regulator requires.

4.2.2 The Trust is to comply with any decision by NHS Improvement with regard to:

(a) the form of the reports;

(b) when the reports are to be sent; and

(c) the periods to which the reports are to relate.

## **4.3 Annual Plan**

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

## **5. BANKING**

### **5.1 General**

5.1.1 The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of accounts. This advice will take into account guidance/ Directions issued from time to time by NHS Improvement or HM Treasury. In line with 'Managing Operating Cash in NHS Foundation Trusts' Trusts should minimise the use of commercial bank accounts and consider using the Government Banking Service (GBS) accounts for all banking services.

5.1.2 The Board shall approve the banking arrangements.

## 5.2 Bank and GBS Accounts

5.2.1 The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance is responsible for:

- (a) bank accounts and the Government Banking Service (GBS) accounts;
- (b) establishing separate bank accounts for the Trust's non-exchequer (Charitable) 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; and
- (e) monitoring compliance with the Independent Regulator's guidance on the level of cleared funds.

## 5.3 Banking Procedures

5.3.1 The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance will prepare detailed instructions on the operation of bank and GBS accounts which must include:

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

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

## 5.4 Tendering and Review

5.4.1 The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance will review the commercial banking arrangements of the Trust at regular intervals to ensure they reflect best practice and represent best value for money by periodically seeking competitive tenders for the Trust's commercial banking business.

5.4.2 Competitive tenders should be sought at least every five years. The results of the tendering exercise should be reported to the Board. This review is not necessary for GBS accounts.

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

### 6.1 Income Systems

6.1.1 The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due.

6.1.2 The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance is also responsible for the prompt banking of all monies received.

### 6.2 Fees and Charges

6.2.1 The Trust shall, where applicable, follow the Department of Health and Social Care advice in the Payment by Result (PbR) guidelines and any other applicable guidance in setting prices for contracts with NHS Commissioners for all services falling within PbR from time to time.

6.2.2 The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health and Social Care or by Statute. Independent professional advice on matters of valuation shall be taken as necessary. Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is being considered in line with the latest guidance from the Department of Health and Social Care.

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

### **6.3 Debt Recovery**

6.3.1 The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance is responsible for the appropriate recovery action on all outstanding debts.

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

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

### **6.4 Security of Cash, Cheques and other Negotiable Instruments**

6.4.1 The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance is responsible for:

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

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

6.4.3 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance.

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

## **7. LEGALLY BINDING CONTRACTS FOR THE PROVISION OF SERVICES**

### **7.1 Legally Binding Contracts (LBCs)**



The Chief Executive, as the Accountable Officer, is responsible for ensuring the Trust enters into suitable Legally Binding Contracts (LBCs) with service commissioners for the provision of NHS services.

The Trust will follow the detail contained within the schedules of the contract. 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 Performance Assessment Framework within the LBC;
- that the LBC builds on existing partnership arrangements;
- that SLAs are based on integrated care pathways.

## **7.2 Involving Partners and jointly managing risk**

A good LBC 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 LBC 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.

## **7.3 Reports to Board on LBCs**

The Chief Executive, as the Accountable Officer, will need to ensure that regular reports are provided to the Board detailing actual and forecast income from the LBCs. This will include information on costing arrangements, which increasingly should, where applicable, be based upon Healthcare Resource Groups (HRGs) or other national methodologies.

Where HRGs are unavailable for specific services, all parties should agree a common currency for application across the range of SLAs.

## **8. TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF THE TRUST BOARD AND EMPLOYEES**

### **8.1 Remuneration and Terms of Service**

- 8.1.1 The Remuneration Committee has been established by the Board of Directors to ensure that proper systems exist to advise on the appropriate level of remuneration for the Chief Executive and Executive Directors of the Trust.

### **8.2 Scope and Duties**

- 8.2.1 To recommend to the Board the appropriate level of remuneration and terms of service of the Chief Executive, Executive Directors ensuring that they are fairly rewarded for their individual contribution to the Trust, having proper regard to the organisation, circumstances and performance and the provision of any national arrangements for such staff where appropriate and appropriate labour market information.
- 8.2.2 To ensure that the appropriate systems exist to monitor the performance of the Chief Executive and Executive Directors of the Trust.
- 8.2.3 To review the level of performance and remuneration of the Chief Executive and Executive Directors annually.

- 8.2.4 To advise on, and oversee contractual arrangements for such staff including a proper calculation and scrutiny of termination payments, taking account of relevant national guidance and legal advice.
- 8.2.5 The Committee has no authority in relation to the remuneration and terms of service of the Chair and Non-Executive Directors. It is the Council of Governors who will decide these remuneration and allowances.

### 8.3 Staff Appointments

- 8.3.1 No officer or Member of the Board of Directors 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 Directors of Finance, Contracting and Facilities and Human Resources and Organisational Development; and
  - (b) they are within the approved limit of the annual plan.
- 8.3.2 The Board will approve procedures presented by the Directors of Finance, Contracting and Facilities and Human Resources and Organisational Development for the determination of commencing pay rates, condition of service, etc, for employees.

### 8.4 Processing Payroll

- 8.4.1 The ~~Director of Finance, Contracting and Facilities~~ Interim Executive Director of Finance is responsible for:
- (a) specifying timetables for submission of properly authorised time records and other notifications;
  - (b) the final determination of pay and allowances;
  - (c) making payment on agreed dates;
  - (d) agreeing method of payment.
- 8.4.2 The ~~Director of Finance, Contracting and Facilities~~ Interim Executive Director of Finance will issue instructions regarding:
- (a) verification and documentation of data;
  - (b) the timetable for receipt and preparation of payroll data and the payment of employees and allowances;
  - (c) maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
  - (d) security and confidentiality of payroll information;
  - (e) checks to be applied to completed payroll before and after payment;
  - (f) authority to release payroll data under the provisions of the Data Protection Act;
  - (g) methods of payment available to various categories of employee and Officers;
  - (h) procedures for payment by cheque, bank credit, or cash to employees and Officers;

- (l) procedures for the recall of cheques and bank credits;
- (j) pay advances and their recovery;
- (k) maintenance of regular and independent reconciliation of pay control accounts;
- (l) separation of duties of preparing records and handling cash;
- (m) a system to ensure the recovery from those leaving the employment of the Trust of sums of money and property due by them to the Trust.

8.4.3 Appropriately nominated managers have delegated responsibility for:

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

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

## **8.5 Contracts of Employment**

8.5.1 The Board shall delegate responsibility to the Director of Human Resources and Organisational Development 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.

## **9. NON-PAY EXPENDITURE**

### **9.1 Delegation of Authority**

9.1.1 The Scheme of Delegation sets out the delegated powers.

### **9.2 Requisitioning**

9.2.1 Requisitioners shall use the iProcurement (iProc) facility to order goods and services supported by Trust negotiated contracts.

9.2.2 Where a service or good is not available then the requisitioner should consult with the Procurement and Supplies department. In choosing the item to be supplied (or the service to be performed) best value for money for the Trust should always be sought. Where the advice of the Procurement and Supplies department is not acceptable to the requisitioner, the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance (and/or the Chief Executive) shall be consulted.

### 9.3 System of Payment and Payment Verification

The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance shall be responsible for the prompt payment of accounts and claims. Payment of contract invoices shall be in accordance with contract terms, or otherwise, in accordance with national guidance.

9.3.1 The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance will:

- (a) advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in Standing Orders and Standing Financial Instructions (Procurement) 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 Trust employees (including specimens of their signatures) authorised to certify invoices.
  - (ii) Proper Certification.

### 9.4 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, for a period similar to the contract term, 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 his commitments;
- (c) The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold);
- (d) The budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate Director or Chief Executive if problems are encountered.

### 9.5 Official orders

9.5.1 Official Orders must:

- (a) be consecutively numbered;

- (b) be in a form approved by the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance;
- (c) state the Trust's terms and conditions of trade;
- (d) only be raised by the Purchasing system.

#### 9.5.2 Duties of Managers and Officers

Managers and Officers must ensure that they comply fully with the guidance and limits specified by the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance and that:

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

**(This provision needs to be read in conjunction with and the principles outlined in the national guidance “Managing Conflicts of Interest in the NHS: Guidance for staff and organisations” (Supercedes the 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 ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance on behalf of the Chief Executive;
- (f) all goods, services, or works are ordered on an official order except works and services executed in accordance with a contract and purchases from petty cash;
- (g) verbal orders must only be issued very exceptionally - by an employee designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "Confirmation Order";
- (h) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- (i) goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;
- (j) changes to the list of employees and Officers authorised to certify invoices are notified to the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance;
- (k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance;

- (l) petty cash records are maintained in a form as determined by the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance.

## **9.6 Joint Finance Arrangements with Local Authorities and Voluntary Bodies**

- 9.6.1 Payments to local authorities and voluntary organisations made under the powers of section 28A of the NHS Act shall comply with procedures laid down by the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance which shall be in accordance with these Acts.

## **10. EXTERNAL BORROWING AND INVESTMENTS**

### **10.1 Public dividend capital**

- 10.1.1 On authorisation as a Foundation Trust the public dividend capital held immediately prior to authorisation continues to be held on the same conditions.
- 10.1.2 Additional public dividend capital may be made available on such terms the Secretary of State (with the consent of the Treasury) decides.
- 10.1.3 Draw down of public dividend capital should be authorised in accordance with the mandate held by the Department of Health and Social Care capital and cash funding team, and is subject to approval by the Secretary of State.
- 10.1.4 The Trust shall be required to pay annually to the Department of Health and Social Care a dividend on its public dividend capital at a rate to be determined from time to time, by the Secretary of State.

### **10.2 Commercial borrowing**

- 10.2.1 The Trust may borrow money from any commercial source for the purposes of or in connection with its functions, subject to compliance with the Secretary of State's guidance under section 42A of the NHS Act 2006.

### **10.3 Investments**

- 10.3.1 The Trust may invest money (other than money held by it as charitable Trustee) for the purposes of or in connection with its functions. Such investment may include forming, or participating in forming, or otherwise acquiring membership of bodies corporate.
- 10.3.2 The Trust may also give financial assistance (whether by way of loan, guarantee or otherwise) to any person for the purposes of or in connection with its functions.

### **10.4 Investment of Temporary Cash Surpluses**

- 10.4.1 Temporary cash surpluses must be held only in such public and private sector investments as approved in the Trust's treasury management policy which should be drawn up by the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance and pursuant to all applicable guidance including Managing Operating Cash in NHS Foundation Trusts published by the Independent Regulator.
- 10.4.2 The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance shall report periodically to the Trust Board concerning the performance of any investments held.
- 10.4.3 The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance will prepare detailed procedural instructions on investment operations and on the records to be

maintained. The Trust's treasury management policy will incorporate guidance from the Independent Regulator as appropriate.

10.4.4 The Trust shall comply with all relevant guidance published on investments from time to time in force.

## **10.5 Working Capital Facility**

10.5.1 Whenever the Trust requires a Working Capital Facility, the Board will ensure that funds are available for short-term cash flow management by negotiating an irrevocable working capital facility with a commercial bank. The value of this facility shall not exceed the limit set in the Trust's authorisation.

## **11. CAPITAL INVESTMENT, PRIVATE FINANCING, FIXED ASSET REGISTERS AND SECURITY OF ASSETS**

### **11.1 Capital Investment**

11.1.1 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;
- (d) shall ensure that the Trust complies with the requirements of NHS Oversight Framework, including the regulators guidance 'Supporting NHS providers: guidance on transactions for NHS foundation trusts', .

11.1.2 For every capital expenditure proposal (other than replacement equipment or rolling programmes) the Chief Executive shall ensure:

- (a) that a business case is produced setting out:
  - (i) an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
  - (ii) the involvement of appropriate Trust personnel and external agencies;
  - (iii) appropriate project management and control arrangements.
- (b) that the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance has certified professionally to the costs and revenue consequences detailed in the business case.

11.1.3 The Chief Executive and ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within CONCODE and ESTATECODE. The technical audit of these contracts shall be the responsibility of the relevant Director.

- 11.1.4 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of “Estatecode”.
- 11.1.5 The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with HM Revenue and Customs guidance.
- 11.1.6 The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.
- 11.1.7 The approval of a capital programme shall not constitute approval for expenditure on any scheme.
- 11.1.8 The Chief Executive shall issue to the manager responsible for any scheme:
- (a) specific authority to commit expenditure;
  - (b) authority to proceed to tender;
  - (c) approval to accept a successful tender (see overlap with Scheme of Delegation).
- 11.1.9 The Chief Executive will issue a scheme of delegation for capital investment management.
- 11.1.10 The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes.

## 11.2 Private Finance

- 11.2.1 The Trust should normally test for PFI when considering capital procurement. For all proposals:
- (a) The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
  - (b) Where the sum involved exceeds delegated limits, the business case must be referred to NHS Improvement or in line with any current guidelines.
  - (c) The proposal must be specifically agreed by the Board.

## 11.3 Asset Registers

- 11.3.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted once a year.
- 11.3.2 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 accordance with the International Financial Reporting Standards (IFRS) and any other standards applicable for the periods concerned.
- 11.3.3 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.

11.3.4 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).

11.3.5 The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.

11.3.6 The value of each asset shall be depreciated using methods as allowed in the IFRSs.

## **11.4 Security of Assets**

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

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

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

11.4.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance.

11.4.4 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 Trust property as may be determined by the Board. Any breach of agreed security practices must be reported in accordance with agreed procedures.

11.4.5 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.

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

## **12. STORES AND RECEIPT OF GOODS**

### **12.1 General position**

12.1.1 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.

## 12.2 Control of Stores, Stocktaking, condemnations and disposal

- 12.2.1 Subject to the responsibility of the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance for the systems of control, overall responsibility for the control of stores shall be delegated to an employee by the Chief Executive. The day-to-day responsibility may be delegated by him to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance. The control of any Pharmaceutical stocks shall be the responsibility of a designated Pharmaceutical Officer; the control of any fuel oil and coal of a designated estates manager.
- 12.2.2 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.
- 12.2.3 The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.
- 12.2.4 Stocktaking arrangements shall be agreed with the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance and there shall be a physical check covering all items in store at least once a year.
- 12.2.5 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance.
- 12.2.6 The designated Manager/Pharmaceutical Officer shall be responsible for a system approved by the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance any evidence of significant overstocking and of any negligence or malpractice (see also overlap with SFI on 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.

## 12.3 Goods supplied by NHS Supply Chain

- 12.3.1 For goods supplied via the NHS Supply Chain central warehouses, the Chief Executive shall identify those authorised to requisition and accept those goods. Generally goods will be ordered to regularly agreed stock levels. Any discrepancies to order should be reviewed and resolved with NHS Supply Chain.

## 13. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

### 13.1 Disposals and Condemnations

#### 13.1.1 Procedures

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

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

13.1.3 All unserviceable articles shall be:

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

13.1.4 The Condemning Officer shall satisfy himself as to whether or not there is evidence of negligence in use and shall report any such evidence to the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance who will take the appropriate action.

## 13.2 Losses and Special Payments

13.2.1 Procedures

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

13.2.2 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately inform the Chief Executive and the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance and/or Chief Executive. Where a criminal offence is suspected, the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance must immediately inform the police if theft or arson is involved. In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance must inform the relevant LCFS in accordance with the Trusts Anti-Fraud, Bribery and Corruption Policy.

The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance must notify the Counter Fraud and Security Management Services (CFSMS) and the External Auditor of all frauds.

13.2.3 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance must immediately notify:

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

13.2.4 Within limits delegated to it by the Department of Health and Social Care, the Board shall approve the writing-off of losses.

13.2.5 The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.

13.2.6 For any loss, the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance should consider whether any insurance claim can be made.

13.2.7 The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance shall maintain a Losses and Special Payments Register in which write-off action is recorded.

13.2.8 No special payments exceeding delegated limits shall be made without the prior approval of the Department of Health.

13.2.9 All losses and special payments must be reported to the Audit Committee at every meeting.

## **14. INFORMATION TECHNOLOGY**

### **14.1 Responsibilities and duties of the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance**

14.1.1 The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance, who is responsible for the accuracy and security of the computerised financial data of the Trust, shall:

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

14.1.2 The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance shall need to ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation.

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

### **14.2 Responsibilities and duties of other Directors and Officers in relation to computer systems of a general application**

14.2.1 In the case of computer systems which are proposed General Applications (i.e. normally those applications which the majority of Trust's in the Region wish to sponsor jointly) all responsible Directors and employees will send to the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance:

- (a) details of the outline design of the system;

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

### 14.3 Contracts for Computer Services with other health bodies or outside agencies

14.3.1 The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance shall ensure that contracts for computer services for financial applications with another health organisation or any other agency shall clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes.

14.3.2 Where another health organisation or any other agency provides a computer service for financial applications, the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance shall periodically seek assurances that adequate controls are in operation.

### 14.4 Risk Assessment

The Chief Information Officer 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.

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

Where computer systems have an impact on corporate financial systems the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance shall need to be satisfied that:

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

## 15. PATIENTS' PROPERTY

15.1 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.

15.2 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.

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

- 15.4 Where Department of Health and Social Care instructions require the opening of separate accounts for patients' moneys, these shall be opened and operated under arrangements agreed by the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance.
- 15.5 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.
- 15.6 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.
- 15.7 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

## **16. FUNDS HELD ON TRUST (CHARITABLE FUNDS)**

### **16.1 Corporate Trustee**

- 16.1.1 The Trust is responsible, as a corporate Trustee, for the management of funds it holds on Trust and shall comply with Charities Commission latest guidance and best practice.
- 16.1.2 The discharge of the Trust's corporate Trustee responsibilities are distinct from its responsibilities for exchequer funds and may not necessarily be discharged in the same manner, but there must still be adherence to the overriding general principles of financial regularity, prudence and propriety. Trustee responsibilities cover both charitable and non-charitable purposes.
- 16.1.3 The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance shall ensure that each Trust fund which the Trust is responsible for managing is managed appropriately with regard to its purpose and to its requirements.

### **16.2 Accountability to Charity Commission and Secretary of State for Health**

- 16.2.1 The Trustee responsibilities must be discharged separately and full recognition given to the Trust's dual accountabilities to the Charity Commission for charitable funds held on Trust and to the Secretary of State for all funds held on Trust.
- 16.2.2 The Scheme of Decisions and 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.

### **16.3 Applicability of Standing Financial Instructions to funds held on Trust**

- 16.3.1 In so far as it is possible to do so, most of the sections of these Standing Financial Instructions will apply to the management of funds held on Trust.
- 16.3.2 The over-riding principle is that the integrity of each Trust must be maintained and statutory and Trust obligations met. Materiality must be assessed separately from Exchequer activities and funds.

## **17. TENDERING AND CONTRACTING PROCEDURE**

### **17.1 Duty to comply with Standing Financial Instructions**

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

In instances where a major incident is declared, with the Trust enacting its emergency planning and preparedness framework, a deviation to the tender process outlined within the Standing Financial Instructions can take place to ensure adequate business continuity. The deviations are outlined in Appendix A on page 44.

## **17.2 EU Directives Governing Public Procurement**

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

## **17.3 Reverse eAuctions**

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

## **17.4 Capital Investment and other Department of Health and Social Care Guidance**

The Trust shall comply as far as is practicable with the requirements of the Department of Health current capital investment guidance 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".

## **17.5 Formal Competitive Tendering**

### **17.5.1 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.

### **17.5.2 Health Care Services**

Where the Trust elects to invite tenders for the supply of healthcare services these Standing Financial Instructions shall apply as far as they are applicable to the tendering procedure.

### **17.5.3 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 **£25,000**;
- (b) where the supply is proposed under special arrangements negotiated by the DH in which event the said special arrangements must be complied with;

- (c) regarding disposals as set out in Standing Financial Instructions No. 13;

Formal tendering procedures **may be waived** in the following circumstances:

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

The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance 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 within current Department of Health and Social Care capital investment guidance.

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

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

Contracts awarded by the Head of Procurement and Supplies in conjunction with Points (f) and

(g) are not required to be waived, as contracts awarded in these circumstances Have been let through nationally negotiated contracts which have demonstrated best value and have been let through open competition in accordance with National



Procurement legislation. The Head of Procurement and Supplies is not required to document and report this to the Trust Board.

#### **17.5.4 Fair and Adequate Competition/Single Tender**

Where the exceptions set out in SFI Nos. 17.1 and 17.5.3 apply, the Trust shall ensure that invitations to tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and in no case less than three firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required unless:

- the goods required are from a sole manufacturer, or monopoly supplier then single tender is permitted.

#### **17.5.5 List of Approved Firms**

The Trust shall ensure that firms/individuals invited to tender are technically competent to undertake to fulfil the supply of goods and services. Contracts should only be awarded to firms/individuals who are financially and technically competent or are among those on the approved lists.

#### **17.5.6 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.

#### **17.5.7 Items which subsequently breach thresholds after original approval**

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

### **17.6 Contracting/Tendering Procedure**

#### **17.6.1 Invitation to tender**

- (i) All invitations to tender shall state the date and time as being the latest time for the receipt of tenders.
- (ii) All invitations to tender shall state that no tender will be accepted unless:
  - (a) submitted in a plain sealed package or envelope bearing a pre-printed label supplied by the Trust (or the word "tender" followed by the subject to which it relates) and the latest date and time for the receipt of such tender addressed to the Chief Executive or nominated Manager;
  - (b) that tender envelopes/ packages shall not bear any names or marks indicating the sender. The use of courier/postal services must not identify the sender on the envelope or on any receipt so required by the deliverer.
- (iii) Every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable.
- (iv) Every tender for building or engineering works (except for maintenance work, when 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.

#### 17.6.2 Receipt and safe custody of tenders

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

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

##### *The Electronic Return of Tenders*

Tenders may be sought and returned electronically via an external service system approved by the Chief Executive/~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance, provided that:

- Such systems will be configured so that responses are secure and visible to the delegated staff only, upon the expiry of the published response deadline only.
- The electronic system will not detract in any way from the provisions of this document in any other way.

Tender responses will be accessed electronically by approved/delegated staff in Trust Headquarters, whereupon all offers will be printed and recorded in the same way as hard copy only Tenders.

#### 17.6.3 Opening tenders and Register of tenders (paper based responses)

- (i) As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened by two senior managers designated by the Chief Executive and not from the originating department.
- (ii) A member of the Trust Board will be required to be one of the two approved persons present for the opening of tenders estimated above £20,000. 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.
- (iii) The 'originating' Department will be taken to mean the Department sponsoring or commissioning the tender.
- (iv) The involvement of Finance Directorate staff in the preparation of a tender proposal will not preclude the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance or any approved Senior Manager from the Finance Directorate from serving as one of the two senior managers to open tenders.
- (v) All Executive Directors/members will be authorised to open tenders regardless of whether they are from the originating department provided that the other authorised person opening the tenders with them is not from the originating department. This may be delegated to Deputy Directors where a director is not available.

The Director of Corporate Affairs and Chief Information Officer will count as Directors for the purposes of opening tenders.

- (vi) Every tender received shall be marked with the date of opening and initialled by those present at the opening.
- (vii) A register shall be maintained by the Chief Executive, or a person authorised by him, to show for each set of competitive tender invitations despatched:
  - the name of all firms individuals invited;
  - the names of firms individuals from which tenders have been received;
  - the date the tenders were opened;
  - the persons present at the opening;
  - the price shown on each tender;
  - a note where price alterations have been made on the tender.

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

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

- (viii) Incomplete tenders, i.e. those from which information necessary for the adjudication of the tender is missing, and amended tenders i.e., those amended by the tenderer upon his own initiative either orally or in writing after the due time for receipt, but prior to the opening of other tenders, should be dealt with in the same way as late tenders. (SFI No. 17.6.5 below).

#### **17.6.4 Opening tenders and Register of tenders (Electronic Responses) – Procurement and Supplies Department Only**

- (i) As soon as practicable after the release date of the tender, they shall be opened and printed by designated staff from the originating Department.
- (ii) The 'originating' Department will be taken to mean the Department sponsoring or commissioning the tender.
- (iii) The Head of Procurement and Supplies and the Deputy Head of Procurement and Supplies will be required to be one of the two approved persons present for the releasing of the tenders estimated above £25k. In the case where the Head of Procurement and Supplies or the Deputy Head of Procurement and Supplies is the tender originator, a separate delegated officer will need to be present. 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.
- (iv) A register shall be maintained by the Head of Supplies, or a person authorised by them, to show for each set of competitive tender invitations despatched:
  - the name of all firms individuals invited;
  - the names of firms individuals from which tenders have been received and for electronic tenders;
  - the date the tenders were opened;
  - the persons present at the opening;
  - the price shown on each tender;
  - a note where price alterations have been made on the tender.

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

- (v) 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 tendered upon his own initiative either orally or in writing after the due time for receipt, but prior to the opening of other tenders, should be dealt with in the same way as late tenders (17.6.6 below)

### 17.6.5 Admissibility

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

### 17.6.6 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 his 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 his nominated officer or if the process of evaluation and adjudication has not started.
- (iii) While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential, recorded, and held in safe custody by the Chief Executive or his nominated officer.

### 17.6.8 Acceptance of formal tenders (See overlap with SFI No. 17.7)

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

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

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

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

The Head of Procurement and Supplies may enter into post tender negotiations on terms of costs provided that the reasons for, and the results of, such negotiations are maintained in a permanent record.

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.

#### 17.6.9 **Tender reports to the Trust Board**

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

#### 17.6.10 **List of approved firms (see SFI No. 17.5.5)**

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

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

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

- (i) Invitations to tender shall be made only to firms included on the approved list of tenderers compiled in accordance with this Instruction or on the separate maintenance lists compiled in accordance with Estmancode guidance (Health Notice HN(78)147).
- ii) Firms included on the approved list of tenderers shall ensure that when engaging, training, promoting or dismissing employees or in any conditions of employment, shall not discriminate against any person because of colour, race, ethnic or national origins, religion or sex, and will comply with the provisions of the Equality Act 2010, the Sex Discrimination Act 1975, the Race Relations Act 1976, and the Disabled Persons (Employment) Act 1944 and any amending and/or related legislation.
- iii) Firms shall conform at least with the requirements of the Health and Safety at Work Act and any amending and/or other related legislation concerned with the health, safety and welfare of workers and other persons, and to any relevant British Standard Code of Practice issued by the British Standard Institution. Firms must provide to the appropriate manager a copy of its safety policy and evidence of the safety of plant and equipment, when requested.

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

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

#### (d) **Supplies/Procurement**

The Head of Procurement and Supplies should seek to ensure that all firms, with whom the Trust enters into a contract, are technically and financially competent to undertake to fulfil the supply of goods and services, making use of the national and regional framework contracts, the NHS Supply Chain, and Trust approved contractors.

#### 17.6.11 **Exceptions to using approved contractors**

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

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

### **17.7 Quotations: Competitive and non-competitive**

#### 17.7.1 **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 £25,000.

#### 17.7.2 **Competitive Quotations**

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

#### 17.7.3 **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;

- (v) 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.

#### 17.7.4 Quotations to be within Financial Limits

No quotation shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with Standing Financial Instructions except with the authorisation of either the Chief Executive or ~~Director of Finance, Contracting and Facilities~~ Interim Executive Director of Finance (IDOF).

### 17.8 Authorisation of Tenders and Competitive Quotations

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

Head of Procurement and Supplies	_____	up to	£25,000
Prime Budget Holder	_____	up to	_____£50,000
Deputy Director/ <del>Interim Deputy Director/General Manager</del>	_____	up to	_____£75,000
Director	_____	up to	£100,000
Chief Executive and <del>DFCF</del> <u>IDOF</u>	_____	up to	£600,000
Trust Board	_____	over	£600,000

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

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

In the event that the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance is deputising for the Chief Executive and the authorisation limit has been reached where both signatories are required, the function of ~~DFCF~~IDOF will be delegated to the ~~Deputy Director of Finance~~Interim Deputy Director of Finance but supported by additional Executive Director approval.

Where the Trust is involved in a financial decision relating to the WYMHSC, the threshold would be set at £500k. For other decisions that rest solely with the BDCFT Board, the £600k threshold would be retained.

In the event of a major incident being declared with the Trust commencing its business continuity framework, Appendix A outlines the authorised signatories.

### 17.9 Instances where formal competitive tendering or competitive quotation is not required

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

- (a) the Trust shall use the NHS Supply Chain for procurement of all goods and services unless the Chief Executive or nominated officers deem it inappropriate. The decision to use alternative sources must be documented.
- (b) The Trust shall use national and regional framework contracts.
- (c) If the Trust does not use the options in (a) and (b) - where tenders or quotations are not required, because expenditure is below £25,000, the Trust shall procure goods and

services in accordance with procurement procedures approved by the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance.

#### **17.10 Private Finance for capital procurement (see overlap with SFI No. 11)**

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

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

#### **17.11 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 Financial Instructions;
- (b) EU Directives and other statutory provisions;
- (c) any relevant directions including the Capital Investment Manual, Estatecode and guidance on the Procurement and Management of Consultants;
- (d) such of the NHS Standard Contract Conditions as are applicable.
- (e) contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance.
- (f) Where appropriate contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited.
- (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.

#### **17.12 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.

#### **17.13 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 level 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.

#### **17.14 Disposals (See overlap with SFI No. 13)**

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

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

#### **17.15 In-house Services**

17.15.1 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.

17.15.2 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 supplies officer and a ~~Director of Finance, Contracting and Facilities~~ Interim Executive Director of Finance representative. For services having a likely annual expenditure exceeding £100,000, a non-officer member should be a member of the evaluation team.

17.15.3 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.

17.15.4 The evaluation team shall make recommendations to the Board.

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

#### **17.16 Applicability of SFIs on Tendering and Contracting to funds held in trust**

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

## **18. ACCEPTANCE OF GIFTS BY STAFF AND LINK TO STANDARDS OF BUSINESS CONDUCT**

The Director of Human Resources and Organisational Development 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 national NHSE guidance 'Managing Conflict of interest in the NHS: Guidance for staff and organisations', which supercedes 'Standards of Business Conduct for NHS Staff (HSG(93)5)' and is also deemed to be an integral part of these Standing Orders and Standing Financial Instructions.

## **19. RETENTION OF RECORDS**

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

## **20. RISK MANAGEMENT AND INSURANCE**

### **20.1 Programme of Risk Management**

The Chief Executive shall ensure that the Trust has a programme of risk management, operated through the risk management strategy, in accordance with current Department of Health and Social Care assurance framework requirements, which must be approved and monitored by the Board. The Trust Board shall approve at least annually the assurance framework.

The programme of risk management shall include:

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

The existence, integration and evaluation of the above elements will assist in providing a basis to make a Statement on the effectiveness of the system of Internal Control within the Annual Report and Accounts as required by current Department of Health and Social Care guidance.

### **20.2 Insurance: Risk Pooling Schemes administered by NHS Resolution (formerly NHS Litigation Authority)**

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

### 20.3 Insurance arrangements with commercial insurers

20.3.1 The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance shall ensure that insurance arrangements exist in accordance with the risk management programme.

### 20.4 Arrangements to be followed by the Board in agreeing Insurance cover

20.4.1 Where the Board decides to use the risk pooling schemes administered by NHS Resolution the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance shall ensure that documented procedures cover these arrangements.

20.4.2 Where the Board decides not to use the risk pooling schemes administered by the NHS Resolution for one or other of the risks covered by the schemes, the ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance shall ensure that the Board is informed of the nature and extent of the risks that are self insured as a result of this decision. The ~~Director of Finance, Contracting and Facilities~~Interim Executive Director of Finance will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses which will not be reimbursed.

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

## Appendix A

### Emergency Planning, Resilience and Preparedness

In a situation where a major incident has been declared, with the Trust enacting its emergency planning and preparedness framework, a deviation to the Standing Financial Instructions may take place to ensure adequate business continuity.

Should a situation arise, the following process would take place –

#### Unplanned Absence

In line with the Standing Financial Instructions, where the ~~Director of Finance, Contracting and Facilities~~ Interim Executive Director of Finance is named to fulfil a particular duty, in their unplanned absence from work the Chief Executive or any other Executive Director, as nominated by the Chief Executive will assume full deputy responsibilities acting in good faith on behalf of the Interim Executive Director of Finance ~~Director of Finance, Contracting and Facilities~~ during their leave of absence.

In line with the Standing Financial Instructions, where the Chief Executive (CE) is named to fulfil a particular duty, in their unplanned absence from work the Deputy Chief Executive, ~~Director of Finance, Contracting and Facilities~~ Interim Executive Director of Finance (DFCFIDOF) or any other Executive Director, as nominated by the Chief Executive will assume full deputy responsibilities acting in good faith on behalf of the Chief Executive during their leave of absence.

#### Budget

Authorised signatories would be enhanced to include:

(These are maximum levels for authorised signatories)

Budget Monitor	Up to £5k or delegated Budget Holder; or Prime Budget Holder
Delegated Budget Holder	Up to £10k or Prime Budget Holder; or Deputy Director
Prime Budget Holder	Up to £50k or Head of a Service Area or Deputy Director
Deputy Director	Up to £75k or any Executive Director
Director	Up to £100k or any Executive Director
<del>DFCFIDOF</del>	Up to £250k or any Executive Director
CE and <del>DFCFIDOF</del> *	Up to £600k or any Executive Director
Trust Board	Over £600k

\*In the event that the Interim Executive Director of Finance is deputising for the Chief Executive and the authorisation limit has been reached where both signatories are required, the function of IDOF will be delegated to the Interim Deputy Director of Finance but supported by additional Executive Director approval.

#### Tenders

Authorised signatories would be enhanced to include:

(These are maximum levels for authorised signatories)

Head of Procurement and Supplies up to £25,000 or Deputy Head of Procurement and Supplies or Prime Budget Holder  
 Prime Budget Holder up to £50,000 or Head of a Service Area or Deputy Director  
 Deputy Director up to £75,000 or any Executive Director

Director up to £100,000 or any Executive Director  
CE and ~~DFCFIDOF~~ up to £600,000 or any Executive Director

The purchase of goods or services may be approved upon receipt of one single quotation (rather than the usual arrangements requiring a least two quotations) on a temporary basis for urgent purchases as long as documentation is clearly recorded. The use of a new supplier which is currently not on an approved list of suppliers could also be accepted for urgent purchases as long as documentation is clearly recorded.

#### Policies and Procedures

Policies and procedures that are owned by the Trust will be reviewed in line with their pre-agreed existing review due date and as required, in light of a major incident. This will be dependent on the topic and subject matter contained within the policy and procedure and its relevance to the major incident at that point in time.

To support completion of this duty, the following approval and governance framework will be adopted:

- 1) Policy and/or procedure identified that will be reviewed earlier than its pre-agreed existing review date, proposal for the review to be communicated via Bronze to the Quality Governance Team, and the Senior Leadership
- 2) Policy and/or procedure reviewed by the identified document owner with a document control sheet completed to identify suggested revisions. In situations of unplanned absence, a deputy will be nominated by the relevant member of the Trust's Bronze Command meeting associated with the document topic
- 3) Amended policy to be considered by the Trust's Bronze Command meeting, with the outcome recorded accordingly
- 4) Approved policy and/or procedure to be presented for approval to the Trust's Silver Command meeting
- 5) Quality Governance Team to be responsible for: informing relevant services of the revisions: cascading the revised policy and/or procedure to Trust colleagues; and keeping a record of the current version of the policy and/or procedure.

#### Record

For any situation where a deviation has taken place to the Standing Financial Instructions; or any situation that may give rise to a conflict of interest (either actual or potential), the outcome will be presented to the next meeting of the Trust's Silver Command meeting or where the Chief Executive or ~~Director of Finance, Contracting and Facilities~~ Interim Executive Director of Finance has been unavailable with a deputy identified to fulfil their nominated duties. The decision made, and by whom will be recorded within the Trust record for that meeting.