

## STANDING FINANCIAL INSTRUCTIONS

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## VERSION CONTROL/REVIEW AND AMENDMENT LOG

NO	SECTION	DATE
1	Section A – Interpretation and definitions updated	March 2009
2	Part 12 – Financial Framework – removed	March 2009
3	Part 7.14 – increased value of items which can be disposed of without competitive tender or quotation	March 2009
4	Part 12.3 – Asset register – updated	March 2009
5	1.2.12 Definition of corporate director amended	May 2010
6	9.1 Amended section on remuneration and terms of service committee in line with standing orders and scheme of delegation	May 2010
7	7.5.3 /7.6.1/7.6.3 Amended to allow for electronic submission of tenders	May 2013
10	7.8.9/ 7.9 & 13.3 NHS Supply Chain replaces NHS Logistics	May 2013
11	7.6.3 (i) reverted to requirement for TWO senior officers to open all tenders	July 2013
12	15.1, 15.1.3 minor typing corrections	July 2013
13	20.1 replace reference to Statement of Internal Control with Annual Governance Statement	July 2013
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15	Throughout – amendment from Director of Finance to Director of Finance and Corporate Services	May 2014
16	9.4.1 Remove Director of Human Resources and replace with Director of Finance and Corporate Services	May 2014
17	S 18 Remove Director of Human Resources and replace with Director of Finance and Corporate Services	May 2014
18	s 15 Remove Chief Operating Officer and replace with Director of Finance and Corporate Services	May 2014
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20	7.5.3, after (h), add in line 'competitive tendering processes may be waived in the following circumstances:'	May 2014
21	7.6.3 (i) add 'for electronic tenders by Managers Authorised by the Head of Supplies and the Director of Finance and Corporate Services	May 2014
22	8.13 Update to contracts up to £500,000 can be signed by the relevant director and the associate director of finance, between £500,001 and £999,999 by the relevant director and the Director of Finance and Corporate Services, and over £1m by the Chief Executive and the Director of Finance and Corporate Services	May 2014
23	Amendment to version 3.1 (when approved by Board will become Version 4)	May 2015
24	Amendment to footer to reflect May 2015	May 2015
25	Minor amendments to ensure section A is accurate and mirrors section A in the Trust Standing Orders	May 2015
26	1.1.4 and throughout, change Director of Finance and Corporate Services to Director of Finance	June 2016
27	1.1.6 and throughout, change Audit committee to Audit and Governance Committee	June 2016
28	2.1.3 change reference to the external auditor being appointed by the Audit Commission and replace with the Audit and Governance Committee will act as the External Audit Appointment Panel, under delegated authority from the Trust Board	June 2016
29	2.4.1 as (28)	June 2016
30	2.6.4 change reference to the Security Management Director to the Director with responsibility for Security Management	June 2016
31	4.2 and 4.3 as (28)	June 2016
32	15.4 Changed the Director of Finance to the Director with responsibility for IM&T	June 2016
33	10.1 changed Statement on Internal Control (which has been superseded) to Annual Governance Statement	June 2016
34	8.2 Changed Finance Committee to Resource and Performance Committee	June 2016
35	1.2.22 Added reference to The National Health Service Trusts (Membership and Procedure) Regulations 1990, which had been omitted from previous versions	June 2016
36	Changed other titles, such as Director of Nursing and Quality Governance as applicable	June 2016
37	6.2.1 Removed reference to the 'Costing Manual' as this is no longer extant, replaced with reference to DoH and NHS Improvement established costing guidance	June 2016
38	7.3 removed reference to information on reverse e-auctions being available on <a href="mailto:info@gps.gsi.gov.uk">info@gps.gsi.gov.uk</a> , to, the Cabinet Office website	June 2016
39	7.4 and 7.5.3( m) and 7.11 (c) removed reference to the Capital Investment Manual which is no longer extant.	June 2016

40	7.6.1 (iv) updated section to remove out of date references to Estatemancode, Dept. of Environment standard forms of contract, and concede. Replaced with examples of current contracts in use, eg JCT, NEC3 etc	June 2016
41	7.6.8 (ii) removed out of date references to Estatemancode and the Disabled Persons Employment Act 1944 and replaced with reference to the approved list of tenderers and the Disability Discrimination Act 1995	June 2016
42	10.2.7 removal of out of date references to Concode and replaced with reference to other Department of Health Guidance	June 2016
43	12.1.2 a removed out of date reference to the Capital Investment Manual and replaced with reference to various extant guidance	June 2016
44	12.1.7 removed out of date reference to Annex C of HSC (1999) 246	June 2016
45	Format changes throughout to bring into line with latest Trust Policy Template format	October 2018
46	Addition of hyperlink to relevant publicly available guidance and legislation	October 2018
47	2.4.2 Change from the ' <i>Chairman will invite the Chief External Auditor to attend a Trust Board Meeting to present their annual Audit Letter</i> ', to ' <i>the Chairman may invite...</i> '	October 2018
48	4.3 Reflect that the Director of Finance team now lead the Quality Account process working with the Director of Nursing and Governance	October 2018
49	7.9 Procurement/quotation lower limit amended from £15k to £25k to match the Scheme of Delegation	October 2018
50	2.6.3 removed requirement for Board to nominate a NED with responsibility for security management	October 2018

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## SECTION A

### 1. INTERPRETATION AND DEFINITIONS

- 1.1 Save as otherwise permitted by law, at any meeting the Chairman of the Trust shall be the final authority on the interpretation of Standing Financial Instructions (on which they should be advised by the Chief Executive or the nominated officer).
- 1.2 Any expression to which a meaning is given in the National Health Service Act 1977, National Health Service Act 2006, National Health Service and Community Care Act 1990 and other Acts relating to the National Health Service or in the Financial Regulations made under the Acts shall have the same meaning in these Standing Orders and Standing Financial Instructions and in addition:
- 1.2.1 "**Accountable Officer**" means the NHS Officer responsible and accountable for funds entrusted to the Trust. The officer shall be responsible for ensuring the proper stewardship of public funds and assets. For this Trust it shall be the Chief Executive.
- 1.2.2 "**Trust**" means The Mid Yorkshire Hospitals NHS Trust.
- 1.2.3 "**Board**" means the Chairman, executive and non-executive members of the Trust collectively as a body.
- 1.2.4 "**Budget**" means a resource, expressed in financial terms, proposed by the Board for the purpose of carrying out, for a specific period, any or all of the functions of the Trust.
- 1.2.5 "**Budget holder**" means the director of employee with delegated authority to manage finances (Income and Expenditure and capital) for a specific area of the organisation.
- 1.2.6 "**Chairman of the Board (or Trust)**" is the person appointed by the Secretary of State for Health to lead the Board and to ensure that it successfully discharges its overall responsibility for the Trust as a whole. The expression "the Chairman of the Trust" shall be deemed to include the Vice-Chairman of the Trust if the Chairman is absent from the meeting or is otherwise unavailable.
- 1.2.7 "**Chief Executive**" means the chief officer of the Trust.
- 1.2.8 "**Commissioning**" means the process for determining the need for and for obtaining the supply of healthcare and related services by the Trust within available resources.
- 1.2.9 "**Committee**" means a committee or sub-committee created and appointed by the Trust.
- 1.2.10 "**Committee members**" means persons formally appointed by the Board to sit on or to chair specific committees.
- 1.2.11 "**Contracting and procuring**" means the systems for obtaining the supply of goods, materials, manufactured items, services, building and engineering services, works of construction and maintenance and for disposal of surplus and obsolete assets.
- 1.2.12 "**Corporate Director**" means an executive director of the Trust who does not hold voting rights at the Trust Board
- 1.2.13 "**Director of Finance**" means the Chief Financial Officer of the Trust.

- 1.2.14 "**Funds held on trust**" shall mean those funds which the Trust holds on date of incorporation, receives on distribution by statutory instrument or chooses subsequently to accept under powers derived under Part 11 of the NHS Act 2006, as amended. Such funds may or may not be charitable.
- 1.2.15 "**Member**" means executive or non-executive member of the Board as the context permits. Member in relation to the Board does not include its Chairman.
- 1.2.16 "**Associate Member**" means a person appointed to perform specific statutory and non-statutory duties which have been delegated by the Trust Board for them to perform and these duties have been recorded in an appropriate Trust Board minute or other suitable record.
- 1.2.17 "**Membership, Procedure and Administration Arrangements Regulations**" means NHS Membership and Procedure Regulations (SI 1990/2024) and subsequent amendments.
- 1.2.18 "**Nominated officer**" means an officer charged with the responsibility for discharging specific tasks within Standing Orders and Standing Financial Instructions.
- 1.2.19 "**Non-executive director**" means a member of the Trust who is not an officer of the Trust and is not to be treated as an officer by virtue of regulation 1(3) of the Membership, Procedure and Administration Arrangements with voting rights at the Trust Board.
- 1.2.20 "**Associate Non-Executive Director**" means a person appointed to perform certain non-statutory duties which have been delegated by the Trust Board for them to perform and these duties have been recorded in an appropriate Trust Board minute or other suitable minute
- 1.2.21 "**Officer**" means employee of the Trust or any other person holding a paid appointment or office with the Trust.
- 1.2.22 "**Executive director**" means a member of the Trust who is either an officer of the Trust or is to be treated as an officer by virtue of regulation 1(3) of The National Health Service Trusts (Membership and Procedure) Regulations 1990. (i.e. the Chairman of the Trust or any person nominated by such a Committee for appointment as a Trust member), with voting rights at the Trust Board.
- 1.2.23 "**Secretary**" means a person appointed to act independently of the Board to provide advice on corporate governance issues to the Board and the Chairman and monitor the Trust's compliance with the law, Standing Orders, and Department of Health guidance.
- 1.2.24 "**SFIs**" means Standing Financial Instructions.
- 1.2.25 "**SOs**" means Standing Orders.
- 1.2.26 "**Vice-Chairman**" means the non-executive director appointed by the Board to take on the Chairman's duties if the Chairman is absent for any reason.

## SECTION B – STANDING FINANCIAL INSTRUCTIONS

### 1. INTRODUCTION

#### 1.1 General

1.1.1 These Standing Financial Instructions (SFIs) are issued in accordance with the Trust (Functions) Directions 2000 issued by the Secretary of State which require that each Trust shall agree Standing Financial Instructions for the regulation of the conduct of its members and officers in relation to all financial matters with which they are concerned. They shall have effect as if incorporated in the Standing Orders (SOs).

1.1.2 These SFIs detail the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Decisions Reserved to the Board and the Scheme of Delegation adopted by the Trust.

1.1.3 These SFIs identify the financial responsibilities which apply to everyone working for the Trust and its constituent organisations including Trading Units. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Director of Finance.

1.1.4 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Director of Finance must be sought before acting. The user of these SFIs should also be familiar with and comply with the provisions of the Trust's Standing Orders.

**1.1.5 The failure to comply with SFIs and Standing Orders can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.**

**1.1.6 Overriding Standing Financial Instructions** – 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 and Governance Committee for referring action or ratification. All members of the Board and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Director of Finance as soon as possible.

#### 1.2 Responsibilities and delegation

##### 1.2.1 The Trust Board



The Board exercises financial supervision and control by:

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

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

### **1.2.2 The Chief Executive and Director of Finance**

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

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

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.

### **1.2.3 The Director of Finance**

The Director of Finance is responsible for:

- a) implementing the Trust’s financial policies and for coordinating any corrective action necessary to further these policies
- b) maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions
- c) ensuring that sufficient records are maintained to show and explain the Trust’s transactions, in order to disclose, with reasonable accuracy, the financial position of the Trust at any time and, without prejudice to any other functions of the Trust, and employees of the Trust, the duties of the Director of Finance include:
  - the provision of relevant and appropriate financial advice to other members of the Board and employees

- the design, implementation and supervision of systems of internal financial control
- 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.

#### **1.2.4 Board Members and Employees**

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

- a) the security of the property of the Trust
- b) minimising avoidable loss
- c) exercising economy and efficiency in the use of resources
- d) conforming with the requirements of Standing orders, SFIs, Financial Procedures and the Scheme of Delegation.

#### **1.2.5 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.

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

## **2. AUDIT**

### **2.1 Audit and Governance Committee**

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

- overseeing Internal and External Audit services
- reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgment
- review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives
- monitoring compliance with Standing Orders and Standing Financial Instructions
- reviewing schedules of losses and compensations, including debtor/creditor balances and making recommendations to the Board
- Reviewing the arrangements in place to support the Board Assurance

Framework process prepared on behalf of the Board and advising the Board accordingly.

2.1.2 Where the Audit and Governance Committee considers there is evidence of *ultra vires* transactions, evidence of improper acts, or if there are other important matters that the Committee wishes to raise, the Chairman of the Audit and Governance Committee should raise the matter at a full meeting of the Board. Exceptionally, the matter may need to be referred to the Department of Health. In such circumstances, the Director of Finance should be advised in the first instance.

2.1.3 It is the responsibility of the Director of Finance to ensure an adequate Internal Audit service is provided and the Audit and Governance Committee shall act as the Audit Appointment Committee under delegated authority from the Trust Board.

## 2.2 Director of Finance

2.2.1 The Director of Finance is responsible for:

- 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 mandatory audit standards
- deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption
- ensuring that an annual internal audit report is prepared for the consideration of the Audit Committee and the Board. The report must cover:
  - a clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the Department of Health including for example, compliance with control criteria and standards
  - major internal financial control weaknesses discovered
  - progress on the implementation of internal audit recommendations
  - progress against plan over the previous year
  - strategic audit plan covering the coming three years
  - a detailed plan for the coming year.

2.2.2 The Director of Finance or designated auditors are entitled without necessarily giving prior notice to require and receive:

- a) access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature
- b) access at all reasonable times to any land, premises or members of the Board or employee of the Trust
- c) the production of any cash, stores or other property of the Trust under

- a member of the Board and an employee's control
- d) explanations concerning any matter under investigation.

## **2.3 Role of Internal Audit**

2.3.1 Internal Audit will review, appraise and report upon:

- a) the extent of compliance with, and the financial effect of, relevant established policies, plans and procedures
- b) the adequacy and application of financial and other related management controls
- c) the suitability of financial and other related management data
- d) the extent to which the Trust's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
  - fraud and other offences
  - waste, extravagance, inefficient administration
  - poor value for money or other causes
- e) Internal Audit shall also undertake such work in regard to effective governance and use of resources as may be considered appropriate. This may include the review of self-assessment and other assurance statements provided by the Trust to third parties.

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

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

2.3.4 The Chief Internal Auditor shall be accountable to the Director of Finance. The reporting system for internal audit shall be agreed between the Director of Finance, the Audit Committee and the Chief Internal Auditor. The agreement shall be in writing and shall comply with the guidance on reporting contained in the Public Sector Internal Audit Standards. The reporting system shall be reviewed at least every three years.

## **2.4 External Audit**

2.4.1 The External Auditor is appointed by the External Audit Appointment Panel and paid for by the Trust. The Audit and Governance Committee has delegated authority from the Trust Board to act as the External Audit Appointment Panel, and is responsible for ensuring a value for money and effective service. If there are any problems relating to the service provided by the External Auditor, then this should be raised with the External Auditor.

2.4.2 Each year the Chairman may invite the Chief External Auditor to attend a

Trust Board meeting and present their annual audit letter subsequent to the annual accounts being approved.

## **2.5 Fraud and Corruption**

2.5.1 In line with their responsibilities, the Trust Chief Executive and Director of Finance shall monitor compliance with Directions issued by the Secretary of State for Health on fraud and corruption.

2.5.2 The Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist as specified by the NHS Protect guidance.

2.5.3 The Local Counter Fraud Specialist shall report to the Director of Finance and work in close liaison with relevant staff at NHS Protect, in particular the Area Anti-Fraud Specialist.

2.5.4 The Local Counter Fraud Specialist will provide a written report to the Audit and Governance Committee, at least annually, on counter fraud work within the Trust. The Local Counter Fraud Specialist will be given access to any employees and/or records necessary to discharge his/her duties effectively.

2.5.5 The Audit and Governance Committee shall routinely review the work of the Local Counter Fraud Specialist to assess and assure that it represents a proportionate and effective response to the risk of fraud and corruption at the Trust.

## **2.6 Security Management**

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

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

2.6.3 The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the Director with responsibility for Security Management and the appointed Local Security Management Specialist.

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

### **3.1 Preparation and Approval of Plans and Budgets**

3.1.1 The Chief Executive will compile and submit to the Board a 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 resource required to achieve the plan.

3.1.2 Prior to the start of the financial year the Director of Finance will, on behalf of the Chief Executive, prepare and submit budgets for approval by the Board. Such budgets will:

- a) be in accordance with the aims and objectives set out in the 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.

3.1.3 The Director of Finance shall monitor financial performance against budget and plan, periodically review them, and report to the Board.

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

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

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

## **3.2 Budgetary Delegation**

3.2.1 The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:

- a) the amount of the budget
- b) the purpose(s) of each budget heading
- c) individual and group responsibilities
- d) authority to exercise virement
- e) achievement of planned levels of service
- f) the provision of regular reports.

3.2.2 The Chief Executive and delegated budget holders must not exceed the budgetary total or virement limits set by the Board.

3.2.3 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Executive, subject to any authorised use of virement.

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

### **3.3 Budgetary Control and Reporting**

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

- a) monthly financial reports to the Board in a form approved by the Board and at a minimum containing
- b) income and expenditure to date showing trends and forecast year-end position
- c) movements in working capital
- d) Movements in cash and capital
- e) capital project spend and projected outturn against plan
- f) explanations of any material variances from plan
- g) details of any corrective action where necessary and the Chief Executive's and/or Director of Finance's view of whether such actions are sufficient to correct the situation
- h) the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible
- i) investigation and reporting of variances from financial, workload and manpower budgets
- j) monitoring of management action to correct variances
- k) arrangements for the authorisation of budget transfers.

3.3.2 Each Budget Holder is responsible for ensuring that:

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

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

### **3.4 Capital Expenditure**

3.4.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. (The particular applications relating to capital are contained in SFI 12).

### **3.5 Monitoring Returns**

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

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

4.1 The Director of Finance, on behalf of the Trust, will:

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

4.2 The Trust's annual accounts must be audited by an external auditor appointed by the Trust's Audit Appointment Panel. The Trust's audited annual accounts must be presented to a public meeting and made available to the public.

4.3 The Director of Finance, working with the Director of Nursing and Quality, will, on behalf of the Trust, will prepare Quality Accounts in accordance with guidance given by the Department of Health. The Trust's Quality Accounts must be audited by an external auditor appointed by the Trust Audit Appointment Panel. The Quality Accounts are required to be submitted to the Secretary of State and uploaded to the NHS Choices website in line with the timetable prescribed by the Department of Health.

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

## **5. BANK AND GOVERNMENT BANKING SERVICE ACCOUNTS**

### **5.1 General**

5.1.1 The Director of Finance is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of accounts. This advice will take into account guidance/directions issued from time to time by the Department of Health. In line with 'Cash Management in the NHS' trusts should minimise the use of commercial bank accounts and consider using Government Banking Services (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 is responsible for:

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

## **5.3 Banking Procedures**

5.3.1 The Director of Finance will prepare detailed instructions on the operation of bank and GBS accounts which must include:

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

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

## **5.4 Tendering and Review**

5.4.1 The Director of Finance will review the commercial banking arrangements of the Trust at regular intervals to ensure they reflect best practice and represent best value for money. Competitive tenders for the Trust's commercial banking business should be routinely considered and progressed as considered to be appropriate.

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

### **6.1 Income Systems**

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

6.1.2 The Director of Finance is also responsible for the prompt banking of all monies received.

### **6.2 Fees and Charges**

6.2.1 The Trust shall follow the Department of Health's and Monitor's established costing guidance in setting prices for NHS Service Level Agreements.

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

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

### **6.3 Debt Recovery**

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

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

6.3.3 Overpayments should ordinarily be pursued including overpayments of salaries and wages.

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

6.4.1 The Director of Finance is responsible for:

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

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

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

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

## **7. TENDERING AND CONTRACTING PROCEDURE**

### **7.1 Duty to comply with Standing Orders and Standing Financial Instructions**

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

### **7.2 EU Directives Governing Public Procurement**

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

### **7.3 Reverse eAuctions**

7.3.1 The Trust should have policies and procedures in place for the control of all tendering activity carried out through Reverse eAuctions. For further guidance on Reverse eAuctions refer to the Cabinet Office website.

### **7.4 Other Department of Health Guidance**

7.3.4 The Trust shall comply, as far as is practicable with the requirements of the Department of Health 'Estatecode' and the Trust Development Authority Capital Regime and Investment Business case approvals guidance' in respect of capital investment and estate and property transactions. In the case of management consultancy contracts the Trust shall comply with the Trust Development Authority guidance on Consultancy spending controls to NHS Trusts

### **7.5 Formal Competitive Tendering**

#### **7.5.1 General Applicability**

The Trust shall ensure that competitive tenders are invited for:

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

works (including construction and maintenance of grounds and gardens);  
for disposals.

### 7.5.2 Health Care Services

Where the Trust elects to invite tenders for the supply of healthcare services these Standing Orders and Standing Financial Instructions shall apply as far as they are applicable to the tendering procedure and need to be read in conjunction with Standing Financial Instruction No. 8.

### 7.5.3 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 **the deminimus limit as set out in the scheme of delegation**
- 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. 14

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

- d) in circumstances where the Chief Executive and Director of Finance determine 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 utilisation of other public sector agreements are in place and have been approved by the Board, including but not limited to Crown Commercial Services, North of England Commercial Procurement Collaborative and NHS Supply Chain
- 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;

Competitive tendering procedures **may be waived** in the following circumstances

- i) where specialist expertise is required and is available from only one source
- j) when the task is essential to complete the project, and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate
- k) there is a clear benefit to be gained from maintaining continuity with an earlier project. However in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering
- l) for the provision of legal advice and services providing that any legal firm

or partnership commissioned by the Trust is regulated by the Law Society for England and Wales for the conduct of their business (or by the Bar Council for England and Wales in relation to the obtaining of Counsel's opinion) and are generally recognised as having sufficient expertise in the area of work for which they are commissioned. The Director of Finance will ensure that any fees paid are reasonable and within commonly accepted rates for the costing of such work

- m) where allowed and provided for in the NHS Improvement [Capital regime, investment and property business case approval guidance for NHS providers](#)

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

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

#### **7.5.4 Fair and Adequate Competition**

Where the exceptions set out in SFI Nos. 7.1 and 7.5.3 apply, the Trust shall ensure that invitations to tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and in no case less than two firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.

#### **7.5.5 List of Approved Firms**

The Trust shall ensure that the firms/individuals invited to tender (and where appropriate, quote) are appropriately qualified and for example are among those on approved lists. Where in the opinion of the Director of Finance it is desirable to seek tenders from firms not on the approved lists, the reason shall be recorded in writing to the Chief Executive (see SFI 7.6.8 List of Approved Firms).

#### **7.5.6 Building and Engineering Construction Works**

Competitive Tendering may only be waived in accordance with the criteria set out in 7.5.3.

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

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

### **7.6 Contracting/Tendering Procedure**

#### **7.6.1 Invitation to tender**

- 1) All invitations to tender shall state the date and time as being the latest time for the receipt of tenders
- 2) All non-electronic 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. 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
  - c. All electronic invitations to tender shall use an auditable e-commerce solution (not email)
- 3) Every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable
- 4) Every tender for building or engineering works shall embody or be in the terms of the current edition of one of the recognised forms of contract relevant to the scope of works being undertaken. E.g. Construction works - National Engineering Contracts (NEC3) or Joint Contract Tribunal (JCT) suites of documents. Engineering plant - Institution of Mechanical Engineers, The Institution of Electrical Engineers and the Association of Consulting Engineers (Form MF/1). 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 (GC works 1). These documents shall be modified in accordance with Department of Health guidance and, in minor respects, to cover special features of individual projects.

#### 7.6.2 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.

#### 7.6.3 Opening tenders and Register of tenders

- a) Tenders may be received electronically via an auditable e-commerce solution (not email) or received directly into the Trust and should be opened as soon as practicable after the date and time stated as being the latest time for the receipt of tenders. For electronic tenders, by managers authorised by the Head of Supplies and the Director of Finance, or for tenders received directly into the Trust, by two senior officers/managers (as appropriate) designated by the Chief Executive and not from the originating department
- b) 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
- c) The 'originating' Department will be taken to mean the Department sponsoring or commissioning the tender
  - d) The involvement of Finance Directorate staff in the preparation of a tender proposal will not preclude the Director of Finance or any approved Senior Manager from the Finance Directorate from serving as one of the two senior managers to open tenders
  - e) All Executive/Corporate Directors will be authorised to open tenders regardless of whether they are from the originating department provided that the other authorised person opening the tenders with them is not from the originating department
  - f) Every tender received shall be marked with the date of opening and initialed by those present at the opening.
  - g) 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:
    - a. the name of all firms individuals invited
    - b. the names of firms individuals from which tenders have been received
    - c. the date the tenders were opened
    - d. the persons present at the opening
    - e. the price shown on each tender
    - f. a note where price alterations have been made on the tender.
  - h) Each entry to this register shall be signed by those present for non-electronic tenders. Tenders opened electronically will send the auditable tender openings for inclusion in the register. A note shall be made in the register if any one tender price has had so many alterations that it cannot be readily read or understood.
  - i) Incomplete tenders, i.e. those from which information necessary for the adjudication of the tender is missing, and amended tenders i.e., those amended by the tenderer upon 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. (Standing Order No. 7.6.5 below).

#### 7.6.4 Admissibility

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

#### 7.6.5 Late tenders

- a) 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. dispatched in good time but delayed through no fault of the tenderer
- b) 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.
  - c) 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.

#### 7.6.6 Acceptance of formal tenders (See overlap with SFI No. 7.7)

- a) 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.
- b) 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:

- 1) experience and qualifications of team members
- 2) understanding of client's needs
- 3) feasibility and credibility of proposed approach
- 4) 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.

- c) 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.
- d) The use of these procedures must demonstrate that the award of the contract was:
  - 1) not in excess of the going market rate / price current at the time the contract was awarded
  - 2) that best value for money was achieved
- e) All tenders should be treated as confidential and should be retained for inspection.

#### 7.6.7 Tender reports to the Trust Board

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



basis only.

#### 7.6.8 List of approved firms (see SFI No. 7.5.5)

##### 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

- 1) Invitations to tender shall be made only to firms included on the approved list of tenderers compiled in accordance with this Instruction. For tenders managed via the electronic tendering process the approved supplier framework forms part of the tendering portal.
- 2) Firms included on the approved list of tenderers shall ensure that when engaging, training, promoting or dismissing employees or in any conditions of employment, shall not discriminate against any person because of colour, race, ethnic or national origins, religion or sex, and will comply with the provisions of [the Equal Pay Act 1970 \(amended 2003\)](#), the [Sex Discrimination Act 1975 \(amended 2003\)](#), the [Race Relations Act 1976 \(amended 2000\)](#), and the [Disability Discrimination Act 1995](#) and any amending and/or related legislation.
- 3) Firms shall conform at least with the requirements of the [Health and Safety at Work Act](#) and any amending and/or other related legislation concerned with the health, safety and welfare of workers and other persons, and to any relevant British Standard Code of Practice issued by the British Standard Institution. Firms must provide to the appropriate manager a copy of its safety policy and evidence of the safety of plant and equipment, when requested.

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

The Director of Finance may make or institute any enquiries they deem 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.

#### 7.6.9 Exceptions to using approved contractors

If in the opinion of the Chief Executive and the Director of Finance or the Director with lead responsibility for clinical governance it is impractical to use a potential contractor from the list of approved firms/individuals (for example where specialist services or skills are required and there are insufficient suitable potential contractors on the list), or where a list for whatever reason

has not been prepared, the Chief Executive should ensure that appropriate checks are carried out as to the technical and financial capability of those firms that are invited to tender or quote.

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

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

### **7.7.1 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 the de minimus limits set out in the scheme of delegation.

### **7.7.2 Competitive Quotations**

- 1) 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
- 2) Quotations should be in writing unless the Chief Executive or his/her 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
- 3) All quotations should be treated as confidential and should be retained for inspection
- 4) The Chief Executive or his/her 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.

### **7.7.3 Non-Competitive Quotations**

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

- 1) 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
- 2) the supply of goods or manufactured articles of any kind which are required quickly and are not obtainable under existing contracts
- 3) miscellaneous services, supplies and disposals
- 4) 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.: (1) and (2) of this SFI) apply.

#### **7.7.4 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.

### **7.8 Authorisation of Tenders and Competitive Quotations**

7.8.1 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 as set out in the scheme of delegation.

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

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

### **7.9 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) If the Trust does not use the NHS Supply Chain - where tenders or quotations are not required, because expenditure is below £25k, the Trust shall procure goods and services in accordance with procurement procedures approved by the Director of Finance.

### **7.10 Private Finance for capital procurement (see overlap with SFI No. 13)**

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.

### 7.11 Compliance requirements for all contracts

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

- a) The Trust's Standing Orders and Standing Financial Instructions
- b) EU Directives and other statutory provisions
- c) any relevant directions including the Capital Investment and Investment guidance, and guidance on the Procurement and Management of Consultants such of the NHS Standard Contract Conditions as are applicable
- d) contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance 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 In all contracts made by the Trust, the Board shall endeavor 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.

### 7.12 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.

### 7.13 Healthcare Services Agreements (see overlap with SFI No. 8)

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

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

### 7.14 Disposals (See overlap with SFI No. 15)

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 £25k, 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.

### 7.15 In-house Services

7.15.1 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.

7.15.2 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 representative. For services having a likely annual expenditure exceeding £250k, a non-officer member should be a member of the evaluation team

7.15.3 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

7.15.4 The evaluation team shall make recommendations to the Board

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

### 7.16 Applicability of SFIs on Tendering and Contracting to funds held in trust (see overlap with SFI No. 17)

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

## 8. AGREEMENTS FOR PROVISION OF SERVICES (see overlap with SFI No. 7.13)

## 8.1 Contracts (and Service Level Agreements)

8.1.1 The Chief Executive, as the Accountable Officer, is responsible for ensuring the Trust enters into suitable contracts and service level agreements with service commissioners for the provision of NHS services.

8.1.2 All SLAs should aim to implement the agreed priorities contained within the Business Plan. In discharging this responsibility, the Chief Executive should take into account:

- the [NHSE Planning and Contract Guidance](#)
- any national standard contract templates and requirements
- the standards of service quality expected
- the provision of reliable information on income, expenditure and volume of services
- Potential penalties associated with the agreement

8.1.3 Contracts up to £500,000 in value must be signed by the relevant Director and the Deputy Director of Finance, between £500,001 and £999,999 by the relevant Director and the Director of Finance and over £1million by the Director of Finance and Chief Executive.

## 8.2 Contract Monitoring

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 contract. Detailed contract monitoring reports will be provided to the Resource and Performance Committee.

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

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

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

9.1.2

### 9.2 Funded Establishment

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

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

### 9.3 Staff Appointments

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

- unless authorised to do so by the Chief Executive; and,
- within the limit of their approved budget and funded establishment.

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

### 9.4 Processing Payroll

9.4.1 The Director of Finance is responsible for:

- specifying timetables for submission of properly authorised time records and other notifications
- the final determination of pay and allowances
- making payment on agreed dates
- agreeing method of payment.

9.4.2 The Director of Finance will issue instructions regarding:

- verification and documentation of data
- the timetable for receipt and preparation of payroll data and the payment of employees and allowances
- maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay
- security and confidentiality of payroll information
- checks to be applied to completed payroll before and after payment
- authority to release payroll data under the provisions of the Data Protection Act

9.4.3 The Director of Finance will issue instructions regarding:

- a) methods of payment available to various categories of employee and officers
- b) procedures for payment by cheque, bank credit, or cash to employees and officers
- c) procedures for the recall of cheques and bank credits
- d) pay advances and their recovery
- e) maintenance of regular and independent reconciliation of pay control accounts
- f) separation of duties of preparing records and handling cash
- g) a system to ensure the recovery from those leaving the employment of the Trust of sums of money and property due by them to the Trust.

9.4.4 Appropriately nominated managers have delegated responsibility for:

- submitting time records, and other notifications in accordance with agreed timetables
- completing time records and other notifications in accordance with the Director of Finance instructions and in the form prescribed by the Director of Finance
- 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 must be informed immediately.

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

## **9.5 Contracts of Employment**

9.5.1 The Board shall delegate responsibility to an officer for:

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

## **10. NON-PAY EXPENDITURE**

### **10.1 Delegation of Authority**

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

10.1.2 The Chief Executive will set out:

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

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

### **10.2 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services (see overlap with Standing Financial Instruction No. 7)**

#### **10.2.1 Requisitioning**

The requisitioner, in choosing the item to be supplied (or the service to be



performed) shall always obtain the best value for money for the Trust. In so doing, the advice of the Trust's adviser (Head of Supplies /Estates/ Pharmacy) on supply shall be sought. Where this advice is not acceptable to the requisitioner, the Director of Finance (and/or the Chief Executive) shall be consulted.

### 10.2.2 System of Payment and Payment Verification

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

#### 10.2.3 The Director of Finance will:

- a) advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in a Scheme of reservation and delegation and regularly reviewed; prepare procedural instructions or guidance within the Scheme of Reservation and Delegation on the obtaining of goods, works and services incorporating the thresholds
- b) be responsible for the prompt payment of all properly authorised accounts and claims
- c) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for a list of Board employees (including specimens of their signatures) authorised to certify invoices;
  - certification that:
    - goods have been duly received, examined and are in accordance with specification and the prices are correct
    - work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct
    - in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined
    - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained
    - the account is arithmetically correct
    - the account is in order for payment.
  - A timetable and system for submission to the Director of Finance of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment

- Instructions to employees regarding the handling and payment of accounts within the Finance Department
- d) be responsible for ensuring that payment for goods and services is only made once the goods and services are received. The only exceptions are set out in SFI No. 10.2.4 below.

#### 10.2.4 Prepayments

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

- a) Prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to NPV using the National Loans Fund (NLF) rate plus 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 will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold)
- d) The budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate Director or Chief Executive if problems are encountered.

#### 10.2.5 Official orders

Official Orders must:

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

#### 10.2.6 Duties of Managers and Officers

Managers and officers must ensure that they comply fully with the guidance and limits specified by the Director of Finance and that:

- a) all contracts (except as otherwise provided for in the Scheme of Reservation and Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Director of Finance in advance of any commitment being made
- b) contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement
- c) where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of

Health

- d) no order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to directors or employees, other than:
- e) isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars
- f) conventional hospitality, such as lunches in the course of working visits **(This provision needs to be read in conjunction with Standing Order No. 6 and the principles outlined in the national guidance ' [Managing Conflicts of Interest in the NHS](#) and the Trust Standards of Business Conduct policy)**
- g) no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Director of Finance on behalf of the Chief Executive
- h) all goods, services, or works are ordered on an official order, via supplies, estates or pharmacy, except works and services executed in accordance with a contract and purchases from petty cash
- i) 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"
- j) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds
- k) goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase
- l) changes to the list of employees and officers authorised to certify invoices are notified to the Director of Finance
- m) purchases from petty cash are restricted in value and by type of
- n) purchase in accordance with instructions issued by the Director of Finance
- o) petty cash records are maintained in a form as determined by the Director of Finance.

10.2.7 The Chief Executive and Director of Finance shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within Estatecode and other Department of Health Guidance. The technical audit of these contracts shall be the responsibility of the relevant Director.

### **10.3 Joint Finance Arrangements with Local Authorities and Voluntary Bodies (see overlap with Standing Order No. 8.1)**

10.3.1 Payments to local authorities and voluntary organisations made under the powers of section 28A of the NHS Act **shall** comply with procedures laid down by the Director of Finance which shall be in accordance with these Acts. (See overlap with Standing Order No. 8.1)

## 11 EXTERNAL BORROWING

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

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

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

11.1.4 The Trust shall only borrow in respect of a clear business need and not for speculative purposes.

### 11.2 Investments

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

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

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

## 12 CAPITAL INVESTMENT, PRIVATE FINANCING, FIXED ASSET REGISTERS AND SECURITY OF ASSETS

### 12.1 Capital Investment

12.1.1 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.

- 12.1.2 For every capital expenditure proposal the Chief Executive shall ensure:
- a) that a business case ((in line with the regulatory guidance contained within the Capital Investment Manual, the Treasury Green book, International Financial Reporting Standards, NHS Improvement Capital Regime and Investment Business Case Approvals Guidance for NHS Trusts and other applicable guidance)) 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 has certified professionally to the costs and revenue consequences detailed in the business case.

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

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

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

12.1.6 The approval of a capital programme shall not constitute approval for expenditure on any scheme. The Chief Executive shall issue to the manager responsible for any scheme:

- a) specific authority to commit expenditure
- b) authority to proceed to tender (see overlap with SFI No. 7.6)
- c) approval to accept a successful tender (see overlap with SFI No. 7.6).

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

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

## **12.2 Private Finance (see overlap with SFI No. 16.10)**

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

- a) The Director of Finance shall demonstrate that the use of private

finance represents value for money and genuinely transfers significant risk to the private sector. Where the sum involved exceeds delegated limits, the business case must be referred to the Department of Health or in line with any current guidelines

- b) The proposal must be specifically agreed by the Board.

### **12.3 Asset Registers**

12.3.1 The Director of Finance shall be responsible for the maintenance of appropriate and effective asset registers

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

- a) properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties
- b) stores, requisitions and wages records for own materials and labour including appropriate overheads
- c) lease agreements in respect of assets held under a finance lease and capitalised.

12.3.4 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) and the correct accounting treatment of sale proceeds actioned in line with the NHS Manual for Accounts issued by the Department of Health.

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

12.3.6 The value of each asset shall be valued in accordance with methods specified in the NHS Manual for Accounts issued by the Department of Health.

12.3.7 The value of each asset shall be depreciated using methods and rates as specified in the NHS Manual for Accounts issued by the Department of Health.

12.3.8 The Director of Finance of the Trust shall calculate and pay capital charges as specified in guidance issued by the Department of Health.

### **12.4 Security of Assets**

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

12.4.2 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.

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

12.4.4 Whilst each employee and officer has a responsibility for the security of property of the Trust, it is the responsibility of Board members and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the Board. Any breach of agreed security practices must be reported in accordance with agreed procedures.

12.4.5 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.

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

## **13 STORES AND RECEIPT OF GOODS**

### **13.1 General position**

13.1.1 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 in accordance with the NHS Manual for Accounts.

### **13.2 Control of Stores, Stocktaking, condemnations and disposal**

13.2.1 Subject to the responsibility of the Director of Finance for the systems of control, overall responsibility for the control of stores shall be delegated to an employee by the Chief Executive. The day-to-day responsibility may be delegated by him to departmental employees and stores managers/keepers,

subject to such delegation being entered in a record available to the Director of Finance. The control of any Pharmaceutical stocks shall be the responsibility of a designated Pharmaceutical Officer; the control of any fuel oil and coal of a designated estates manager.

13.2.2 The responsibility for security arrangements and the custody of keys for any stores and locations shall be clearly defined in writing by the designated manager/Pharmaceutical Officer. Wherever practicable, stocks should be marked as health service property.

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

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

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

13.2.6 The designated Manager/Pharmaceutical Officer shall be responsible for a system approved by the Director of Finance for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Director of Finance any evidence of significant overstocking and of any negligence or malpractice (see also overlap with SFI No. 14 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.

### **13.3 Goods supplied by NHS Supply Chain**

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

## **14 DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS**

### **14.1 Disposals and Condemnations**

#### **14.1.1 Procedures**

The Director of Finance must prepare detailed procedures for the disposal of



assets including condemnations, and ensure that these are notified to managers.

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

14.1.3 All unserviceable articles shall be:

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

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

## **14.2 Losses and Special Payments**

### **14.2.1 Procedures**

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

14.2.2 Any employee or officer discovering or suspecting a loss of any kind (other than fraud or corruption) must either, immediately inform their Head of Department, who must immediately inform the Chief Executive and the Director of Finance, or, inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Director of Finance and/or Chief Executive. Where a criminal offence is suspected, the Director of Finance must immediately inform the police if theft or arson is involved.

In cases of fraud and corruption, or of any anomalies which may indicate fraud or corruption, any employee or officer discovering or suspecting the loss must immediately inform the Local Counter Fraud Specialist. The Local Counter Fraud Specialist will then appropriately inform the Director of Finance and will also undertake any necessary investigation, involving NHS Counter Fraud Authority as appropriate. The Director of Finance must notify External Audit of all instances of fraud or corruption.

14.2.3 For losses apparently caused by theft, arson, neglect of duty or gross

carelessness, except if trivial, the Director of Finance must immediately notify:

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

14.2.4 Within limits delegated to it by the Department of Health, the Board shall approve the writing-off of losses.

14.2.5 The Director of Finance shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.

14.2.6 For any loss, the Director of Finance should consider whether any insurance claim can be made.

14.2.7 The Director of Finance shall maintain a Losses and Special Payments Register in which write-off action is recorded.

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

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

## 15 INFORMATION TECHNOLOGY

### 15.1 Responsibilities and duties of the Director of Finance in relation to computerised financial data.

15.1.1 The Director, 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 2018](#)
- 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.

15.1.2 The Director of Finance shall need to ensure that new financial systems and amendments to current financial systems are developed in a controlled

manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation.

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

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

15.2.1 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 (including Integrated Care System and other acute provider collaborations) wish to sponsor jointly) all responsible directors and employees will send to the Director of Finance:

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

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

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

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

## **15.4 Risk Assessment**

The Director with responsibility for IM&T 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.

## **15.5 Requirements for Computer Systems which have an impact on**

### corporate financial systems

Where computer systems have an impact on corporate financial systems the Director of Finance shall need to be satisfied that:

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

## 16 PATIENTS' PROPERTY

16.1 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.

16.2 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.

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

16.4 Where Department of Health instructions require the opening of separate accounts for patients' moneys, these shall be opened and operated under arrangements agreed by the Director of Finance.

16.5 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.

16.6 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.

16.7 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.

## **17 FUNDS HELD ON TRUST/CHARITABLE FUNDS**

### **17.1 Corporate Trustee**

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

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

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

- 1) The trustee responsibilities must be discharged separately and full recognition given to the Trust's dual accountabilities to the Charity Commission for Charitable Funds held on Trust and to the Secretary of State for all Funds held on Trust.
- 2) The Scheme of Reservation and 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.

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

- 1) In so far as it is possible to do so, most of the sections of these Standing Financial Instructions will apply to the management of Funds held on Trust. (See overlap with SFI No 7.16).

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

**18 ACCEPTANCE OF GIFTS BY STAFF AND LINK TO STANDARDS OF BUSINESS CONDUCT (see overlap with SO No. 7 and SFI No. 10.2.6 (d))**

The Company Secretary shall ensure that all staff are made aware of the Trust policy on acceptance of gifts and other benefits in kind by staff. This policy follows the guidance contained in the [NHS England publication 'Managing Conflicts of Interest in the NHS, February 2017'](#), and is also deemed to be an integral part of these Standing Orders and Standing Financial Instructions (see overlap with SO No. 7).

**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 guidelines.

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

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

**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, in accordance with current Department of Health assurance framework requirements, which must be approved and monitored by the Board.

The programme of risk management shall include:

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

- safety review
- f) a clear indication of which risks shall be insured
- g) arrangements to review the Risk Management programme.

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

## 20.2 Insurance: Risk Pooling Schemes administered by NHS Resolution

The Board shall decide if the Trust will insure through the risk pooling schemes administered by NHS Resolve 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 bi-annually.

## 20.3 Insurance arrangements with commercial insurers

20.3.1 There is a general prohibition on entering into insurance arrangements with commercial insurers. There are, however, **three exceptions** when trusts may enter into insurance arrangements with commercial insurers. The exceptions are:

- a) trusts may enter commercial arrangements for **insuring motor vehicles** owned by the Trust including insuring third party liability arising from their use
- b) where the Trust is involved with a consortium in a **Private Finance Initiative contract** and the other consortium members require that commercial insurance arrangements are entered into
- c) where **income generation activities** take place. Income generation activities should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by the Trust for a NHS purpose the activity may be covered in the risk pool. Confirmation of coverage in the risk pool must be obtained from NHS Resolution. In any case of doubt concerning a trust's powers to enter into commercial insurance arrangements the Director of Finance should consult the Department of Health.

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

- 1) Where the Board decides to use the risk pooling schemes administered by NHS Resolution, the Director of Finance shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Director of Finance shall ensure that documented procedures cover these arrangements

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