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2	April 2014	Minor amendments to terminology & updates in line with current practice
3	May 2015	Amend para 10.2.6 to refer to corporate credit card Minor amendments to terminology
4	November 2016	Changes to reflect external auditors now being appointed by the Auditor Panel not the Audit Commission
5	November 2017	Para 5.3 – changed reference to ‘Manual for Accounts’ and replaced with “Government Accounting Manual.” Para 6.3.1 (i) – remove reference to ‘OPG’ (Office of Paymaster General) and replaced with “RBS” (The Royal Bank of Scotland). Para 8.7.2 – changed the number of quotations required from ‘2 to 3’ and replaced with “2 to 6” in line with scheme of delegation. Para 8.8.1 – changed the authorisation of tender and competitive quotations values in line with the section 5 of the scheme of delegation. Para 8.9 (i), (ii) - changed references to ‘NHS Logistics’ and replaced with ‘NHS Supply Chain’.

Policies, Procedures, Guidelines and Protocols

6	September 2018	<p>Para 13.1.5 - add requirement that loan utilisation request requires one signature and stated in the board minute.</p> <p>Para 13.1.7 – new NHSI PDC draw down signatory requirement.</p> <p>Changed references to 'NHS Litigation Authority' to 'NHS Resolution' instead.</p> <p>Removed para 22 payments to independent contractors as it is not applicable.</p> <p>Added 'Associate Director of Finance' alongside Director of Finance, Para 1.2.11 explains the authority level of the Associate Director of Finance.</p>
7	September 2019	<p>Removed Section 3 and 10 as not relevant.</p> <p>Minor amendments to terminology</p> <p>Replaced NHS Act 1977 with NHS Act 2006 throughout.</p> <p>Removed NHS Protect and replaced with the NHS Counter Fraud Authority</p> <p>Removed PASA and replaced with NHS Supply Chain</p> <p>Removed reference to Healthcare Commission and Standards of Better Healthcare as now CQC.</p> <p>Replaced reference to Standards of Business conduct as guidance replaced by Managing Conflicts of Interest in the NHS.</p> <p>Replaced a few Acts in 7.6.9 (ii) as now within Equality Act 2010.</p> <p>Replaced Deputy Director of Finance with Head of Finance.</p> <p>Changed Data Protection Act 1998 to Data Protection Act 2018</p> <p>Added para 6.1.3 on due diligence checks for new customers per Internal Audit recommendation.</p> <p>Added to para 10.2.6 (vi) to exempt off-framework emergency agency staff from an official order as agreed by the Agency Working Group and changed per recommendation from Internal Audit.</p>
8	September 2020	<p>Change NHS Improvement (NHSI) to NHS Improvement/England (NHSI/E).</p> <p>Para 10.2.6(vi) added exemption for using an official order for goods, services or works that causes a reduction in financial control and/or an increase in processing time.</p> <p>Minor changes to terminology.</p>
9	September 2021	<p>Replaced Director of Finance and Strategy with Director of Finance</p> <p>Removed Associate Director Finance</p> <p>Updated section 2.5 on Arrangements for Anti-Fraud, Bribery and Corruption per Lead Local Counter Fraud Specialist</p> <p>Updated section 2.6 on Security Management per Local Security Management Specialist review</p> <p>Minor grammatical amendments</p>
10	September 2022	<p>Removed Director of People and Corporate Services</p> <p>Added Director of Nursing and Workforce</p> <p>Added Chief Finance Officer</p> <p>Removed Director of Finance</p> <p>Para 2.5.2 added further specification for the Lead Local Counter Fraud Specialist - <i>"NHS CFA Standards for NHS Providers, under the Functional Standard GovS 013: Counter Fraud (Functional Standards),</i></p> <p>Para 2.5.3 Management of the Lead LCFS delegated to the Deputy Chief Finance Officer</p> <p>Para 2.6.2 responsibility for controlling and coordinating security is delegated to the Director of Governance</p> <p>Para 7.7.1 quotations are required where the intended expenditure or income exceeds £20,000 (Previously £10,000)</p> <p>Para 11.1.7 removed Head of Finance and added Deputy Chief Finance Officer and Associate Director of Finance</p>
11	September 2023	No Changes Required

CONTENTS

Section	Page
1. INTRODUCTION	3
2. AUDIT	8
3. ALLOCATIONS, PLANNING, BUDGETS, BUDGETARY CONTROL & MONITORING	15
4. ANNUAL ACCOUNTS & REPORTS	18
5. BANK & GBS ACCOUNTS	19
6. INCOME, FEES & CHARGES & SECURITY OF CASH, CHEQUES & OTHER NEGOTIABLE INSTRUMENT	21
7. TENDERING & CONTRACT PROCEDURE	23
8. NHS SERVICE AGREEMENTS FOR PROVISION OF SERVICES	36
9. TERMS OF SERVICE, ALLOWANCES & PAYMENT OF MEMBERS OF THE TRUST BOARD & EMPLOYEES	37
10. NON-PAY EXPENDITURE	41
11. EXTERNAL BORROWING & INVESTMENTS	46
12. FINANCIAL FRAMEWORK	48
13. CAPITAL INVESTMENT, PRIVATE FINANCING, FIXED ASSET REGISTERS & SECURITY OF ASSETS	49
14. STORES & RECEIPT OF GOODS	53
15. DISPOSALS & CONDEMNATIONS, LOSSES & SPECIAL PAYMENTS	55
16. INFORMATION TECHNOLOGY	57
17. PATIENTS' PROPERTY	59
18. FUNDS HELD ON TRUST	60
19. ACCEPTANCE OF GIFTS BY STAFF & LINK TO STANDARDS OF BUSINESS CONDUCT	61
20. RETENTION OF RECORDS	62
21. RISK MANAGEMENT & INSURANCE	63

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 SFIs 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.
- 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 Government policy to achieve probity, accuracy, economy, efficiency, and effectiveness. They should be used in conjunction with the Scheme of Reservation 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 Chief Finance Officer.
- 1.1.4. Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of the Chief Finance Officer 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. 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 SFIs – if for any reason these SFIs are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit Committee for referring action or ratification. All members of the Board and staff have a duty to disclose any non-compliance with these SFIs to the Chief Finance Officer as soon as possible.

1.2. Interpretation and Definitions

- 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 Shropshire Community Health NHS Trust.

- 1.2.3 **"Board"** means the Chair, executive Directors, and non-executive Directors 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 the functions of the Trust.
- 1.2.5 **"Director"** means the Director with delegated authority to manage finances (income and expenditure) for a specific area of the organisation.
- 1.2.6 **"Budget Manager"** means second level delegation by a Director to another Senior Manager. They can either be an employee of the Trust or of another organisation and be authorised by the Director.
- 1.2.7 **"Resource Manager"** means third level delegation by a Budget Manager to another Senior Manager. They can either be an employee of the Trust or of another organisation and be authorised by the Director.
- 1.2.8 **"Service Lead"** means an officer who has delegated responsibility from a Resource Manager for the day-to-day management of a defined budget. They can either be an employee of the Trust or of another organisation and be authorised by the Director.
- 1.2.9 **"Chair 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 Chair of the Trust" shall be deemed to include the Vice-Chair of the Trust if the Chair is absent from the meeting or is otherwise unavailable.
- 1.2.10 **"Chief Executive"** means the chief officer of the Trust.
- 1.2.11 **"Chief Finance Officer"** means the chief financial officer of the Trust.
- 1.2.12 **"Clinical Governance Committee"** means the committee whose functions are concerned with the arrangements for the purpose of monitoring and improving the quality of health care for which the Trust has responsibility.
- 1.2.13 **"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.
- 1.2.14 **"Committee"** means a committee or sub-committee created and appointed by the Trust.
- 1.2.15 **"Committee members"** means persons formally appointed by the Board to be members of or to chair specific committees.

- 1.2.16 **"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.
- 1.2.17 **"Funds Held on Trust"** means 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 (eleven) of the NHS Act 2006. Such funds may or may not be charitable.
- 1.2.18 **"Member"** means Executive or Non-Executive Director of the Board as the context permits. Member in relation to the Board does not include its Chair.
- 1.2.19 **"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.
- 1.2.20 **"Membership, Procedure and Administration Arrangements Regulations"** means NHS Membership and Procedure Regulations (SI 1990/2024) and subsequent amendments.
- 1.2.21 **"Nominated officer"** means an officer charged with the responsibility for discharging specific tasks within Standing Orders and Standing Financial Instructions.
- 1.2.22 **"Non-executive member"** means a member of the Trust who is not a Director 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 Regulations.
- 1.2.23 **"Officer"** means employee of the Trust or any other person holding a paid appointment or office with the Trust.
- 1.2.24 **"Officer member"** 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) (i.e., the Chair of the Trust or any person nominated by such a Committee for appointment as a Trust member).
- 1.2.25 **"Secretary"** means a person appointed to act independently of the Board to provide advice on corporate governance issues to the Board and the Chair and monitor the Trust's compliance with the law, Standing Orders, and Department of Health guidance.
- 1.2.26 **"SFIs"** means Standing Financial Instructions.
- 1.2.27 **"SOs"** mean Standing Orders.
- 1.2.28 **"Vice-Chair"** means the Non-Executive Director appointed by the Board to take on the Chair's duties if the Chair is absent for any reason.

- 1.2.29 Wherever the title Chief Executive, Director of Finance, or other nominated officer is used in these instructions, it shall be deemed to include such other Director or employees who have been duly authorised to represent them. This will include officers from another NHS organisation where shared service arrangements are in place.
- 1.2.30 Wherever the term "employee" is used and where the context permits it shall be deemed to include employees of third parties contracted to the Trust when acting on behalf of the Trust.

1.3. Responsibilities and Delegation

1.3.1. The Trust Board

The Board exercises financial supervision and control by:

- (i) formulating the financial strategy.
- (ii) requiring the submission and approval of budgets within an approved control total,
- (iii) defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money),
- (iv) defining specific responsibilities placed on members of the Board and employees as indicated in the Scheme of Delegation document.

- 1.3.2. The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the "Scheme of Reservation" document. All other powers have been delegated to such other Committees as the Trust has established.

1.3.3. The Chief Executive and Chief Finance Officer

The Chief Executive and Chief Finance Officer will, as far as possible, delegate their detailed responsibilities, but they remain accountable for financial control. Within the SFIs, it is acknowledged that the Chief Executive is ultimately accountable to the Board and, as Accountable Officer, to the Secretary of State, for ensuring that the Board meets its obligation to perform its functions within the available financial resources. The Chief Executive has overall executive responsibility for the Trust's activities, is responsible to the Chair and the Board for ensuring that its financial obligations and targets are met and has overall responsibility for the Trust's system of internal control.

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

1.3.5. The Chief Finance Officer

The Chief Finance Officer is responsible for:

- (i) implementing the Trust's financial policies and for co-ordinating any corrective action necessary to further these policies,
- (ii) 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,
- (iii) 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.

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

- (iv) the provision of financial advice to other members of the Board and employees,
- (v) the design, implementation, and supervision of systems of internal financial control,
- (vi) 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.

1.3.6. Board Members and Employees

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

- (i) the security of the property of the Trust,
- (ii) avoiding loss,
- (iii) exercising economy and efficiency in the use of resources,
- (iv) conforming with the requirements of Standing Orders, SFIs, Financial Procedures and the Scheme of Delegation.

1.3.7. Contractors and their Employees

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

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

2. AUDIT

2.1. Audit Committee

2.1.1 An independent Audit Committee is a central means by which a Board ensures effective internal control arrangements are in place. In accordance with Standing Orders the Board shall formally establish an Audit Committee, with clearly defined terms of reference and following guidance from the NHS Audit Committee Handbook (2018) to perform the following tasks: -

- (i) Ensuring there is an effective Internal Audit function established by management, that meets mandatory NHS Internal Audit Standards and provides appropriate independent assurance to the Audit Committee, Chief Executive and Board,
- (ii) Acting as the Trust's Auditor Panel (the main function being to advise on the appointment of external auditors), reviewing the work and findings of the external auditors and considering the implications of and management's responses to their work,
- (iii) Reviewing the findings of other significant assurance functions, both internal and external to the organisation, and considering the implications for the governance of the organisation,
- (iv) Ensuring that the systems for financial reporting to the Board, including those of budgetary control, are subject to review as to completeness and accuracy of the information provided to the Board,
- (v) Reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgments,
- (vi) Reviewing 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,
- (vii) Monitoring compliance with Standing Orders and SFI,
- (viii) Reviewing schedules of losses and compensations and making recommendations to the Board,
- (ix) Reviewing the Annual Report and annual financial statements and recommending their approval to the Board,
- (x) Reviewing the External Auditors report on the financial statements and the annual management letter,
- (xi) Reviewing any incident of fraud or corruption or possible breach of ethical standards or legal or statutory requirements

that could have a significant impact on the Trust's published financial accounts or reputation,

- (xii) Reviewing major findings from Internal and External Audit reports and ensure appropriate action is taken,
 - (xiii) Reviewing "value for money" audits reporting on the effectiveness and efficiency of the selected departments or activities,
 - (xiv) Reviewing the mechanisms and levels of authority (e.g., Standing Orders, SFIs, Delegated Limits) and make recommendations to the Trust Board,
 - (xv) Reviewing the scope of both Internal and External Audit including the agreement on the number of audits per year for approval by the Trust Board,
 - (xvi) Reviewing waivers to Standing Orders,
 - (xvii) Reviewing hospitality and sponsorship registers,
 - (xviii) Reviewing the information prepared to support the controls assurance statements prepared on behalf of the Board and advising the Board accordingly.
 - (xix) Reviewing all appropriate security management related issues.
- 2.1.2 The minutes of the Audit Committee meetings shall be formally recorded by the Trust Secretary and submitted to the Board. The Chair of the Committee shall draw to the attention of the Board any issues that require disclosure to the full Board or require executive action. The Committee will report to the Board annually on its work in support of the Statement of Internal Control, specifically commenting on the fitness for purpose of the Assurance Framework, the completeness and embeddedness of risk management in the organisation, the integration of governance arrangements and the appropriateness of the self-assessment against the Key Lines of Enquiry (KLOEs) inspected by CQC.
- 2.1.3 Where the Audit Committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wishes to raise, the Chair of the Audit Committee should raise the matter at a full meeting of the Board. Exceptionally, the matter may need to be referred to the Department of Health.

2.2 Chief Finance Officer

- 2.2.1 The Chief Finance Officer is responsible for:

- (i) 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,
- (ii) ensuring that the Internal Audit function meets the NHS mandatory audit standards and provides sufficient independent and objective assurance to the Audit Committee and the Accountable Officer,
- (iii) deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption,
- (iv) 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 Chief Finance Officer or designated Internal or External Auditors are entitled without necessarily giving prior notice to require and receive:

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

2.3. Role of Internal Audit

2.3.1 Internal Audit is an independent and objective appraisal service within an organisation which provides:

- (i) an independent and objective opinion to the Accountable Officer, the Board, and the Audit Committee on the degree to which risk management, control, and governance, support the achievement of the organisation's agreed objectives,
- (ii) an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control, and governance arrangements.

2.3.2 Internal Audit will review, appraise, and report upon policies, procedures, and operations in place to:

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

2.3.3 The Head of Internal Audit will provide to the Audit Committee:

- (i) a risk-based plan of Internal Audit work, agreed with management and approved by the Audit Committee, based upon the management's Assurance Framework that will enable the auditors to collect sufficient evidence to give an opinion on the adequacy and effective operation of the organisation,
- (ii) regular updates on the progress against plan,
- (iii) reports of management's progress on the implementation of action agreed as a result of Internal Audit findings,
- (iv) an annual opinion based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control, and governance processes (i.e., the organisation's system of internal control). This opinion is used by the Board to inform the Statement of Internal Control,

(v) additional reports as requested by the Audit Committee.

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

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

2.3.6 The Head of Internal Audit reports to the Audit Committee and is managed by the Chief Finance Officer. The reporting system for Internal Audit shall be agreed between the Chief Finance Officer, the Audit Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit Standards. The reporting system shall be reviewed at least every three years.

2.3.7 The appointment and termination of the Head of Internal Audit and/or the Internal Audit Service must be approved by the Audit Committee.

2.4 External Audit

2.4.1 The External Auditor is appointed by the Audit Committee acting as the Auditor Panel. The Audit Committee must ensure a cost effective and efficient service. If there are any problems relating to the service provided by the External Auditor, then this should be raised with them.

2.5 Arrangements for Anti-Fraud, Bribery and Corruption

2.5.1 Finance Under the NHS Standard Contract, the Trust are required to put in place and maintain appropriate arrangements to address counter fraud issues having regard to the NHS Counter Fraud Authority Standards for NHS Providers. The clauses relating to counter-fraud are set out in Service Condition 24 of the contract. Consequently, and in line with their responsibilities, the Trust Chief Executive and Chief Finance Officer shall monitor and ensure compliance with the NHS Standard Contract and the NHS Counter Fraud Authority Standards for NHS Providers.

2.5.2 The Trust shall nominate a suitable person (who is accredited) to carry out the duties of the Lead Local Counter Fraud Specialist (LCFS) as specified by the NHS Counter Fraud Authority NHS Counter Fraud Manual, NHS CFA Standards for NHS Providers, under the Functional Standard GovS 013: Counter Fraud (Functional Standards), Standards for NHS Providers, and other guidance published. The Lead LCFS has access to the audit committee and audit chair as may be required.

The Trust shall nominate a suitable person as the Trust Anti- Fraud Champion to provide support at a Strategic level to the Lead LCFS. The

Trust may appoint more than one anti-fraud champion but will appoint at least one person to the role.

2.5.3 The Lead LCFS is accountable to the Chief Finance Officer who maintains the overall strategic executive counter fraud responsibility and has delegated the operational day to day management of the Lead LCFS to the Deputy Chief Finance Officer. The Lead LCFS shall work with staff in the NHS Counter Fraud Authority in accordance with the NHS Counter Fraud Authority NHS Counter Fraud Manual, NHS CFA Standards for NHS Providers under the Functional Standard GovS 013: Counter Fraud (Functional Standards) and other guidance published.

2.5.4 The NHS Counter Fraud Authority requires the Trust to provide an annual statement of assurance against the fraud, bribery, and corruption under the NHS CFA Standards for NHS Providers under the Functional Standard GovS 013: Counter Fraud (Functional Standards). This statement of assurance is provided through the completion and submission of an online self-assessment against the Functional Standards. The online form is completed for the Trust by the Lead LCFS and it is required to be signed off by both the Chief Finance Officer and the Chair of the Audit Committee before a submission can be made to NHS CFA.

2.5.5 The Lead LCFS will provide an annual workplan and a written progress report, at least annually, on counter fraud work within the Trust.

2.6 Security Management

2.6.1 The Trust have put in place and maintain appropriate arrangements to address all security management related issues, having regard to all appropriate guidance issued.

2.6.2 The Chief Executive has overall responsibility for controlling and coordinating security. However, these tasks are delegated to the Trust Company Secretary & Director of Governance in the role of Security Management Director, who shall monitor and ensure compliance with the published guidance.

2.6.3 The Trust shall nominate a suitable accredited person to carry out the duties of the Local Security Management Specialist.

2.6.4 The Local Security Management Specialist shall report to the Director of Governance on all security related matters in accordance with the published guidance

2.6.5 The Local Security Management Specialist will provide a written report, at least annually, on security management work within the Trust

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 Local Delivery Plan (LDP) which considers financial targets and forecast limits of available resources. The plan will contain:

- (i) a statement of the significant assumptions on which the plan is based,
- (ii) details of major changes in workload, delivery of services or resources required to achieve the plan.

- 3.1.2. Prior to the start of the financial year the Chief Finance Officer will, on behalf of the Chief Executive, prepare and submit budgets for approval by the Board. Such budgets will:
- (i) be in accordance with the aims and objectives set out in the LDP,
 - (ii) accord with workload and manpower plans;
 - (iii) be produced following discussion with appropriate budget managers;
 - (iv) be prepared within the limits of available funds;
 - (v) identify potential risks.
- 3.1.3. The Chief Finance Officer shall monitor financial performance against budget and plan, periodically review them, and report to the Board.
- 3.1.4. All budget managers must provide information as required by the Chief Finance Officer to enable budgets to be compiled.
- 3.1.5. All budget managers will sign up to their allocated budgets at the commencement of each financial year.
- 3.1.6. The Chief Finance Officer has a responsibility to ensure that adequate training is delivered on an on-going basis to budget managers to help them manage effectively.

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:
- (i) the amount of the budget,
 - (ii) the purpose(s) of each budget heading,
 - (iii) individual and group responsibilities,
 - (iv) authority to exercise virement,
 - (v) achievement of planned levels of service,
 - (vi) the provision of regular reports.
- 3.2.2. The Chief Executive and delegated budget managers must not exceed the budgetary total or virement limits set by the Board.
- 3.2.3. Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Executive, subject to any authorised use of virement.
- 3.2.4. Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the Chief Finance Officer.

3.3. Budgetary Control and Reporting

3.3.1. The Chief Finance Officer will devise and maintain systems of budgetary control. These will include: -

- (i) monthly financial reports to the Board in a form approved by the Board, containing:
 - income and expenditure to date showing trends and forecast year-end position,
 - Statement of Financial Position,
 - movements in cash and capital,
 - capital projects spend and projected outturn against plan,
 - explanations of any material variances from plan,
 - details of any corrective action where necessary, and the Chief Executive's and/or Chief Finance Officer's view of whether such actions are sufficient to correct the situation.
- (ii) the issue of timely, accurate and comprehensible advice and financial reports to each budget manager, covering the areas for which they are responsible,
- (iii) investigation and reporting of variances from financial, workload and manpower budgets,
- (iv) monitoring of management action to correct variances; and
- (v) arrangements for the authorisation of budget transfers.

3.3.2 Each Budget Manager is responsible for ensuring that:

- (i) any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Board,
- (ii) 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,
- (iii) 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 Local Delivery 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 applications relating to capital are in SFI No.13).

3.5. Monitoring Returns

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

4. ANNUAL ACCOUNTS AND REPORTS

- 4.1. The Chief Finance Officer, on behalf of the Trust, will:
- (i) 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,
 - (ii) prepare and submit annual financial reports to the Department of Health certified in accordance with current guidelines,
 - (iii) 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 auditor appointed by the Audit Committee. The Trust's audited annual accounts must be presented to a public meeting and made available to the public.
- 4.3 The Trust will publish an Annual Report, in accordance with guidelines on local accountability, and present it at a public meeting. The document will comply with the Department of Health's Group Accounting Manual.

5. BANK AND GBS ACCOUNTS

5.1. General

5.1.1. The Chief Finance Officer is responsible for managing the Trust's banking arrangements and for advising the Trust Board on the provision of banking services and operation of accounts. This advice will consider 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 Chief Finance Officer is responsible for:

- (i) bank accounts and Government Banking Service (GBS) accounts,
- (ii) establishing separate bank accounts for the Trust's non-exchequer funds,
- (iii) ensuring payments made from bank or GBS accounts do not exceed the amount credited to the account except where arrangements have been made,
- (iv) reporting to the Board all arrangements made with the Trust's bankers for accounts to be overdrawn,

5.3. Banking Procedures

5.3.1. The Chief Finance Officer will prepare detailed instructions on the operation of bank and GBS accounts, which must include:

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

5.3.2. The Chief Finance Officer 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 Chief Finance Officer will review the commercial banking arrangements of the Trust at regular intervals to ensure they reflect best

practice and represent best value for money, by periodically seeking competitive tenders for the Trust's commercial banking business.

- 5.4.2 Competitive tenders should be sought at least every 5 years. The results of the tendering exercise should be reported to the Board. This review is not necessary for GBS accounts.

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

6.1. Income Systems

- 6.1.1. The Chief Finance Officer is responsible for designing, maintaining, and ensuring compliance with systems for the proper recording, invoicing, collecting, and coding of all monies due.
- 6.1.2. The Chief Finance Officer is also responsible for the prompt banking of all monies received.
- 6.1.3 When creating significant new customers due diligence and background checks will be carried out.

6.2. Fees and Charges

- 6.2.1. The Trust shall follow NHS Improvement/England's advice in the Approved Costing Guidance in informing and setting prices for NHS service agreements.
- 6.2.2. The Chief Finance Officer is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health or by Statute. Independent professional advice on matters of valuation shall be taken as necessary. Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered the guidance in NHS Improvement/England's Managing Conflicts of Interest in the NHS shall be followed.
- 6.2.3. All employees must inform the Chief Finance Officer promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.

6.3. Debt Recovery

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

6.4 Security of Cash, Cheques and Other Negotiable Instruments

6.4.1. The Chief Finance Officer is responsible for:

- (i) approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable,
- (ii) ordering and securely controlling any such stationery,
- (iii) 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,
- (iv) 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 Chief Finance Officer.

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.

6.4.5. To comply with money laundering legislation, under no circumstances will the Trust accept cash payments in excess of £10,000 in respect of any single transaction. Any attempts by an individual to effect payment above this amount should be notified immediately to the Chief Finance Officer.

6.5 Income Generation

6.5.1 The Chief Finance Officer is responsible for carrying out a full financial appraisal of all proposed schemes, and producing documented procedures advising scheme proposers of the correct format for submission, and the factors which will be considered when deciding whether or not to approve an income generation scheme.

6.5.2 The appropriate Director is responsible for preparing a Memorandum Trading Account in respect of each income generation scheme outside of Healthcare contracts with a turnover in excess of £50,000.

7. TENDERING AND CONTRACT 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 these Standing Orders and Standing Financial Instructions (except where Standing Order 3.14 "Suspension of Standing Orders" is applied).

7.2 Directives Governing Public Procurement

- 7.2.1 Directives 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 E-Auctions

- 7.3.1 The Trust should have policies and procedures in place for the control of all tendering activity carried out through Reverse E-Auctions. For further guidance on Reverse E-Auctions refer to <https://www.gov.uk/guidance/eauctions>

7.4 Capital regime, investment and property business case approval guidance and Other NHS Improvement/England Guidance

- 7.4.1 The Trust shall comply as far as is practicable with the requirements of NHS Improvement/England's "Capital regime, investment and property business case approval guidance for NHS providers and the Department of Health guidance on the efficient management of healthcare estates and facilities (HBN 00-08)". In the case of management consultancy contracts the Trust shall comply as far as is practicable with NHS Improvement/England's guidance Consultancy spending approval criteria for providers.

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

7.5.2 Healthcare 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 “NHS Service Agreements for Provision of Services”.

7.5.3 Exceptions and instances where formal tendering need not be applied

Formal tendering procedures need not be applied where: -

- (i) the estimated expenditure or income does not, or is not reasonably expected to, exceed £50,000,
- (ii) where the supply is proposed under special arrangements negotiated by the DOH in which event the said special arrangements must be complied with,
- (iii) regarding disposals as set out in Standing Financial Instruction No.15 “Disposals and Condemnations, Losses and Special Payments”.

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

- (iv) in very exceptional circumstances where the Chief Executive decides that formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate Trust record,
- (v) where the requirement is covered by an existing contract,
- (vi) where NHS Supply Chain agreements are in place and have been approved by the Board,
- (vii) 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,
- (viii) 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,
- (ix) where specialist expertise is required and is available from only one source,
- (x) when the task is essential to complete the project, and arises because of a recently completed assignment and engaging different consultants for the new task would be inappropriate,
- (xi) where 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,
- (xii) for the provision of legal advice and services providing that any legal firm or partnership commissioned by the Trust is regulated by the Law Society for England and Wales for the conduct of their business (or by the Bar Council for England and Wales in relation to the obtaining of Counsel’s opinion) and are generally recognised as having sufficient expertise in the area of work for which they are commissioned. The Chief Finance Officer will

ensure that any fees paid are reasonable and within commonly accepted rates for the costing of such work.

- (xiii) Where allowed and provided for in the Capital regime, investment, and property business case approval guidance for NHS providers
- (xiv) Where the League of Friends is paying for an item and has specified the supplier.

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

Where it is decided that competitive tendering is not applicable and should be waived, the fact of the waiver and the reasons should be documented and recorded in an appropriate Trust record and authorised by the Chief Finance Officer or Chief Executive.

7.5.4 Fair and Adequate Competition

Where the exceptions set out in 7.5.3 above apply, the Trust shall ensure that invitations to tender are sent to enough 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 among those on approved lists. Where in the opinion of the Chief Finance Officer it is desirable to seek tenders from firms not on the approved lists, the reason shall be recorded in writing to the Chief Executive (see Standing Financial Instruction 7.6.9 "List of Approved Firms").

7.5.6 Building and Engineering Construction Works

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

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 Paper based or electronic tenders

The tendering process may be entirely paper based, using an electronic tendering system, or part using a system (e.g., sending out invitations to tender electronically, but receiving tenders back on paper). The following paragraphs indicate where the tendering process is different between paper and electronic.

7.6.2 Invitation to tender

- (i) All invitations to tender shall state the date and time as being the latest time for the receipt of tenders.
- (ii) For paper tenders, all invitations to tender shall state that no tender will be accepted unless: -
 - 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,
 - that tender envelopes/packages shall not bear any names or marks indicating the sender. The use of courier/postal services must not identify the sender on the envelope or on any receipt so required by the deliverer.
- (iii) For electronic tenders, the invitation shall state that only tenders submitted electronically will be considered.
- (iv) Every tender for goods, materials, services, or disposals shall embody such of the NHS Standard Contract Conditions as are applicable.
- (v) Every tender for building and engineering works (except for maintenance work, when Estmancode guidance shall be followed) shall embody or be in the terms of the current edition of one of the Joint Contracts Tribunal Standard Forms of Building Contract or Department of the Environment (GC/Wks) Standard Forms of Contract amended to comply with Concode, or when the content of the work is primarily engineering, the General Conditions of Contract recommended by the Institution of Mechanical and Electrical Engineers and the Association of Consulting Engineers (Form A) or (in the case of civil engineering work) the General Conditions of Contract recommended by the Institute of Civil Engineers, the Association of Consulting Engineers and the Federation of Civil Engineering Contractors. These documents shall be modified and/or amplified to accord with Department of Health/ NHS Improvement/England's guidance and, in minor respects, to cover special features of individual projects.

- (vi) Every tenderer must have given, or give, a written undertaking not to engage in collusive tendering or other restrictive practice.

7.6.3 Receipt and safe custody of tenders

- (i) For paper tenders, the Chief Executive or his/her 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.

- (ii) For electronic tenders, the tenders are locked automatically until the published date and time of opening. The date and time of receipt of each tender is stored electronically.

7.6.4 Opening tenders and register of tenders

- (i) As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened by two senior officers/managers designated by the Chief Executive and not from the originating department. The “originating department” will be taken to mean the department responsible for sponsoring or commissioning the tender.
- (ii) The involvement of Finance Directorate staff in the preparation of a tender proposal will not preclude the Chief Finance Officer or any approved Senior Manager from the Finance Directorate from serving as one of the two senior managers to open tenders.
- (iii) All Executive Directors/members will be authorised to open tenders regardless of whether they are from the originating department provided that the other authorised person opening the tenders with them is not from the originating department.
- (iv) For paper tenders, every tender received shall be marked with the date of opening and initialled by those present at the opening. This will be automatic for electronic tenders.
- (v) A register shall be maintained by the Chief Executive, or a person authorised by him/her, to show for each set of competitive tender invitations despatched: -
- the names of all firms/individuals invited,
 - the names of firms/individuals from which tenders have been received,
 - the date the tenders were received and opened,
 - the persons present at the opening,
 - the price shown on each tender,

- a note where price alterations have been made on the tender and suitably initialled,
- a note if any one tender price has had so many alterations that it cannot be readily read or understood.

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

- (vi) 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/her 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 (see 7.6.6 below).

7.6.5 Admissibility

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

7.6.6 Late tenders

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

7.6.7 Acceptance of formal tenders

- (i) Any discussions with a tenderer which are deemed necessary to clarify technical aspects of his/her tender before the award of a contract will not disqualify the tender.
- (ii) The lowest tender, if payment is to be made by the Trust, or the highest, if payment is to be received by the Trust, shall be accepted unless there are good and sufficient reasons to the contrary. Such reasons shall be set out in either the contract file, or other appropriate record.
It is accepted that for professional services such as management consultancy, the lowest price does not always represent the best value for money. Other factors affecting the success of a project include: -
 - experience and qualifications of team members,
 - understanding of client's needs,
 - feasibility and credibility of proposed approach,
 - ability to complete the project on time.Where other factors are considered in selecting a tenderer, these must be clearly recorded and documented in the contract file, and the reason(s) for not accepting the lowest tender clearly stated.
- (iii) No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with these instructions except with the authorisation of the Chief Executive.
- (iv) The use of these procedures must demonstrate that the award of the contract was not in excess of the going market rate/price current at the time the contract was awarded, and that best value for money was achieved.
- (v) All tenders should be treated as confidential and should be retained for inspection.

7.6.8 Tender reports to the Trust Board

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

7.6.9 List of approved firms

- (i) Responsibility for maintaining list

A manager nominated by the Chief Executive shall on behalf of the Trust maintain lists of approved firms from whom 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.

(ii) Building and engineering construction works

Invitations to tender shall be made only to firms included on the approved list of tenderers compiled in accordance with this instruction or on the separate maintenance lists compiled in accordance with Estmancode guidance (Health Notice HN(78)147).

Firms included on the approved list of tenderers shall ensure that when engaging, training, promoting, or dismissing employees or in any conditions of employment, shall not discriminate against any person because of colour, race, ethnic or national origins, religion, or sex, and will comply with the provisions of the Equality Act 2010 and any amending and/or related legislation.

Firms shall conform at least with the requirements of the Health and Safety at Work Act 2015 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.

(iii) Financial standing and technical competence of contractors

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

7.6.10 Exceptions to using approved contractors

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

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 £20,000 but not exceed £50,000.

7.7.2 Competitive quotations

- (i) Quotations should be obtained from 2 to 6 firms/individuals (in line with the Scheme of Delegation) based on specifications or terms of reference prepared by, or on behalf of, the Trust.
- (ii) Quotations should be in writing unless the Chief Executive or his nominated officer determines that it is impractical to do so, in which case quotations may be obtained by telephone. Confirmation of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record.
- (iii) All quotations should be treated as confidential and should be retained for inspection.
- (iv) The Chief Executive or his nominated officer should evaluate the quotations and select the one 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: -

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

7.8 Authorisation of Tenders & Competitive Quotations

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

-
- (i) Designated Budget Manager Up to £50,000
- (ii) Directors & Head of Procurement Up to £75,000
- (iii) Directors & Head of Procurement (under seal) Up to £250,000
- (iv) Chief Executive & Chief Finance Officer & Head of Procurement (under seal). Up to £600,000
- (v) Trust Board Over £600,000

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

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

- (i) the Trust shall use 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.
- (ii) if the Trust does not use NHS Supply Chain - where tenders or quotations are not required, because expenditure is below £20,000, the Trust shall procure goods and services in accordance with procurement procedures approved by the Chief Finance Officer.

7.10 Private Finance for Capital Procurement

(See overlap with Standing Financial Instruction No.13).

7.10.1 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:

- (i) The Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.
- (ii) Where the sum exceeds delegated limits, a business case must be referred to the NHS Improvement/England for approval or treated as per current guidelines.
- (iii) The proposal must be specifically agreed by the Trust Board.
- (iv) The selection of a contractor/finance company must be based on competitive tendering or quotations.

7.11 Compliance Requirements for all Contracts

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

- (i) The Trust's Standing Orders and SFIs,
- (ii) Directives and other statutory provisions,
- (iii) Any relevant directions/guidance, such as the NHS Standard Contract Conditions as are applicable,
- (v) Contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance,
- (vi) 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,
- (vii) In all contracts made by the Trust, the Board shall endeavour to obtain best value for money by use of all systems in place. The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Trust.

7.12 Personnel and Agency or Temporary Staff Contracts

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

7.13 Healthcare Services Agreements

(See overlap with Standing Financial Instruction No.8).

- 7.13.1 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 are not enforceable by the courts. However, a contract with a Foundation Trust, being a PBC, is a legal document and is enforceable in law.

7.14 Disposals

(See overlap with Standing Financial Instruction No.15).

- 7.14.1 Competitive Tendering or Quotation procedures shall not apply to the disposal of:
- (i) any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the Chief Executive or their nominated officer,
 - (ii) obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy of the Trust,
 - (iii) items to be disposed of with an estimated sale value of less than £100 this figure to be reviewed on a periodic basis,
 - (iv) items arising from works of construction, demolition, or site clearance, which should be dealt with in accordance with the relevant contract,
 - (v) land or buildings concerning which Department of Health 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 should be set up:
- (i) Specification group, comprising the Chief Executive or nominated officer/s and specialist.
 - (ii) In-house tender group, comprising a nominee of the Chief Executive and technical support.
 - (iii) Evaluation team, comprising normally a specialist officer, a supplies officer, and a Chief Finance Officer representative.
- 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 the 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 on Trust

(See overlap with Standing Financial Instruction No.18).

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

8. NHS SERVICE AGREEMENTS FOR PROVISION OF SERVICES

(See overlap with Standing Financial Instruction No.7.13)

8.1 Service Level Agreements (SLAs)

- 8.1.1 The Chief Executive, as the Accountable Officer, is responsible for ensuring the Trust enters suitable SLAs with service commissioners for the provision of NHS Services.
- 8.1.2 All SLAs should aim to implement the agreed priorities contained within the Local Delivery Plan (LDP) and wherever possible, be based upon integrated care pathways to reflect expected patient experience. In discharging this responsibility, the Chief Executive should consider: -
- the standards of service quality expected,
 - the relevant national service framework (if any),
 - the provision of reliable information on cost and volume of services,
 - the NHS Outcomes Framework,
 - that SLAs build where appropriate on existing Joint Investment Plans,
 - that SLAs are based on integrated care pathways,
 - that SLAs are based upon cost-effective services.

8.2 Involving Partners and Jointly Managing Risk

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

8.3 Reports to the Board on SLAs

- 8.3.1 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 SLA. This will include information on costing arrangements, which increasingly should be based upon Healthcare Resource Groups (HRGs). Where HRGs are unavailable for specific services, all parties should agree a common currency for across the range of SLAs.

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

9.1 Remuneration and Terms of Service

(See overlap with Standing Order No.4).

9.1.1. In accordance with Standing Orders the Board shall establish a Nominations, Appointments and Remuneration 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. The Committee will:

- (i) advise the Board about appropriate remuneration and terms of service for the Chief Executive, other Executive Directors employed by the Trust and other senior employees including: -
 - all aspects of salary (including any performance-related elements/ bonuses),
 - provisions for other benefits, including pensions and cars,
 - arrangements for termination of employment and other contractual terms,
- (ii) make such recommendations to the Board on the remuneration and terms of service of Executive Directors of the Board (and other senior employees) to ensure they are fairly rewarded for their individual contribution to the Trust - having proper regard to the Trust's circumstances and performance and to the provisions of any national arrangements for such staff where appropriate,
- (iii) monitor and evaluate the performance of individual Executive Directors (and other senior employees),
- (iv) advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments, taking account of such national guidance as is appropriate,
- (v) Approve any redundancy payments over £15,000.

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

9.1.4. The Board will consider and need to approve proposals presented by the Chief Executive for the setting of remuneration and conditions of

service for those employees and officers not covered by the Committee.

- 9.1.5. The Trust will pay allowances to the Chair, and Non-Executive Directors of the Board in accordance with instructions issued by the Secretary of State for Health.

9.2. Funded Establishment

- 9.2.1. The manpower 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 or the delegated officer.

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 basis, or hire agency staff, or agree to changes in any aspect of remuneration:
- (i) unless authorised to do so by the Chief Executive, or the officer(s) so delegated; and
 - (ii) 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, conditions of service etc. for employees.

9.4 Processing of Payroll

- 9.4.1 "Payroll" includes payments for all hours worked at agreed rates, Statutory Sick and Maternity Pay, Annual Leave, Travel and Subsistence Expenses, Relocation Expenses and any other employment related payments authorised by the Trust Board.
- 9.4.2. The Chief Finance Officer is responsible for:
- (i) specifying timetables for submission of properly authorised time records and other notifications,
 - (ii) the final determination of pay and allowances,
 - (iii) making payment on agreed dates; and
 - (iv) agreeing method of payment.

9.4.3. The Chief Finance Officer will issue instructions regarding:

- (i) verification and documentation of data,
- (ii) the timetable for receipt and preparation of payroll data and the payment of employees and allowances,
- (iii) maintenance of subsidiary records for superannuation, income tax, social security, and other authorised deductions from pay,
- (iv) security and confidentiality of payroll information,
- (v) checks to be applied to completed payroll before and after payment,
- (vi) authority to release payroll data under the provisions of the Data Protection Act,
- (vii) methods of payment available to various categories of employees and officers,
- (viii) procedures for payment by cheque, bank credit or cash to employees and officers,
- (ix) procedures for the recall of cheques and bank credits,
- (x) pay advances and their recovery,
- (xi) maintenance of regular and independent reconciliation of pay control accounts;
- (xii) separation of duties of preparing records and handling cash,
- (xiii) 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:

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

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

9.5. Contracts of Employment

- 9.5.1. The Board shall delegate responsibility to an officer for:

- (i) ensuring that all employees are issued with a Contract of Employment in a form approved by the Board, and which complies with employment legislation; and
- (ii) 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 (see the Scheme of Delegation for details).

10.1.2. The Chief Executive will set out:

- (i) the list of managers who are authorised to place requisitions for the supply of goods and services,
- (ii) 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 advisor on supply shall be sought. Where this advice is not acceptable to the requisitioner, the Chief Finance Officer (and/or the Chief Executive) shall be consulted.

10.2.2. System of Payment and Payment Verification

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

10.2.3. The Chief Finance Officer will:

- (i) advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in Standing Financial Instructions and regularly reviewed,
- (ii) prepare procedural instructions (where not already provided in the Scheme of Delegation or procedure notes for budget managers) on the obtaining of goods, works and services, incorporating the thresholds,
- (iii) be responsible for the prompt payment of all properly authorised accounts and claims,

- (iv) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
- (a) a list of Board members and employees (including specimens of their signatures) authorised to certify invoices,
 - (b) 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.
 - (c) a timetable and system for submission to the Chief Finance Officer of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment,
 - (d) instructions to employees regarding the handling and payment of accounts within the Finance Department.
- (v) 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 10.2.4 below.

10.2.4 Prepayments

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

- (i) 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%).
- (ii) 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 prepayment agreement, unable to meet his commitments.
- (iii) The Chief Finance Officer will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the public procurement rules where the contract is above the stipulated financial threshold).
- (iv) The budget manager 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:

- be consecutively numbered,
- be in a form approved by the Chief Finance Officer,
- state the Trust's terms and conditions of trade; and
- 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 Chief Finance Officer, and that:

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

- (iv) 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:
 - a. isolated gifts of a trivial character, or inexpensive seasonal gifts, such as calendars,
 - b. conventional hospitality, such as lunches in the course of working visits.

This provision needs to be read in conjunction with the principles outlined in national guidance contained in the Trusts Policy Code of Business Conduct, including Managing Conflicts of interest.
- (v) no requisition/order is placed for any item or items for which there is no budget provision, unless authorised by the Chief Finance Officer on behalf of the Chief Executive,
- (vi) all goods, services or works are ordered on an official order, except works and services executed in accordance with a contract, or for off-framework emergency agency staff, purchases from petty cash and if financial control and processing time are not enhanced.
- (vii) 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",
- (viii) orders are not split or otherwise placed in a manner devised to avoid the financial thresholds,
- (ix) goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase,
- (x) changes to the list employees and officers authorised to certify invoices are notified to the Chief Finance Officer,
- (xi) purchases from petty cash and the corporate credit card are restricted in value and by type of purchase in accordance with instructions issued by the Chief Finance Officer,
- (xii) petty cash records are maintained in a form as determined by the Chief Finance Officer.

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

10.3 Joint Finance Arrangements with Local Authorities

(See overlap with Standing Order 9.3 “Joint Finance Arrangements”).

- 10.3.1 Payments to local authorities made under the powers of section 75 of the NHS Act 2006 shall comply with procedures laid down by the Chief Finance Officer which shall be in accordance with that Act.

11. EXTERNAL BORROWING AND INVESTMENTS

11.1 External Borrowing

- 11.1.1 The Chief Finance Officer will advise the Board concerning the Trust's ability to pay dividend on and repay Public Dividend Capital and any proposed new borrowing, within the limits set by the Department of Health. The Chief Finance Officer 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 short term borrowings on behalf of the Trust. This must contain the Chief Executive and the Chief Finance Officer.
- 11.1.3 The Chief Finance Officer must prepare detailed procedural instructions concerning applications for loans and overdrafts.
- 11.1.4 All short-term borrowings should be kept to the minimum period of time possible, consistent with the overall cash-flow position, represent good value for money, and comply with the latest guidance from the Department of Health.
- 11.1.5 Any short-term borrowing must be with the authority of two members of an authorised panel, one of which must be the Chief Executive or the Chief Finance Officer. The Board must be made aware of all short-term borrowings at the next Board meeting. For loan draws NHSI/E require a utilisation request with one signature, the nominated representative as stated in the board minute.
- 11.1.6 All long-term borrowing must be consistent with the plans outlined in the current LDP and be approved by the Trust Board.
- 11.1.7 For PDC draws two signatures are required on the utilisation request; the signatories are individuals who are authorised by the Board under the Trust's Standing Financial Instructions, and Scheme of Delegation to make the request for funding. The following authorised individuals can sign PDC utilisation requests (one signature must be the Chief Executive or the Chief Finance Officer):

Chief Executive,
Chief Finance Officer,

Deputy Chief Finance Officer
Associate Director of Finance,
Head of Management Accounting,
Head of Financial Accounting,
Head of Costing & Contracting

NHSI/E also require a Capital Cash Flow Forecast template to be completed with the signed utilisation request.

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 Chief Finance Officer 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 Chief Finance Officer will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

12. FINANCIAL FRAMEWORK

- 12.1. The Chief Finance Officer should ensure that members of the Board are aware of the Operating Framework. This document contains directions, which the Trust must follow. The Chief Finance Officer should also ensure that the direction and guidance in the framework is followed by the Trust.

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

13.1 Capital Investment

13.1.1. The Chief Executive: -

- (i) 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,
- (ii) is responsible for the management of all stages of capital schemes, and for ensuring that schemes are delivered on time and to cost,
- (iii) 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.

13.1.2. For every capital expenditure proposal, the Chief Executive shall ensure: -

- (i) that a business case (in line with the guidance contained within the Capital Investment Manual) is produced, setting out:
 - an option appraisal of potential benefits compared with known costs, to determine the option with the highest ratio of benefits to costs,
 - the involvement of appropriate Trust personnel and external agencies,
 - appropriate project management and control arrangements,
- (ii) that the Chief Finance Officer has certified professionally to the costs and revenue consequences detailed in the business case.

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

13.1.4 The Chief Finance Officer shall assess on an annual basis the requirement for the operation of the Construction Industry tax deduction scheme in accordance with Inland Revenue guidance.

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

13.1.6 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: -

- specific authority to commit expenditure,
- authority to proceed to tender,
- approval to accept a successful tender.

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

13.1.7 The Chief Finance Officer shall issue procedures governing the financial management, including variations to contract, of capital investment projects, and valuation for accounting purposes. These procedures shall fully consider the delegated limits for capital schemes included in NHSE/I's Capital regime, investment and property business case approval guidance for NHS Trusts and Foundation Trusts.

13.2. Private Finance

(See overlap with Standing Financial Instruction 7.10 "Private Finance for Capital Procurement").

13.2.1. 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 own or NHS resources, the following procedures shall apply: -

- (i) The Chief Finance Officer shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
- (ii) Where the sum involved exceeds delegated limits, the business case must be referred to NHS Improvement/England or in line with any current guidelines.
- (iii) The proposal must be specifically agreed by the Board.

13.3. Asset Registers

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

13.3.2. Each Trust shall maintain an asset register recording capital assets. The minimum data set to be held within these registers shall be as specified in the Capital Accounting Manual as issued by the Department of Health. This shall be expanded wherever possible.

- 13.3.3. Additions to the capital asset register must be clearly identified to an appropriate budget manager and be validated by reference to:
- (i) properly authorised and approved agreements, architect's certificates, supplier's invoices, and other documentary evidence in respect of purchases from third parties,
 - (ii) stores, requisitions and wages records for own materials and labour, including appropriate overheads,
 - (iii) lease agreements in respect of assets held under a finance lease and capitalised.
- 13.3.4. 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).
- 13.3.5. The Chief Finance Officer shall approve procedures for reconciling balances on capital assets accounts in ledgers against balances on capital asset registers.
- 13.3.6. The value of each asset shall be indexed to current values in accordance with methods specified in the Capital Accounting Manual issued by the Department of Health.
- 13.3.7. The value of each asset shall be depreciated using methods and rates as specified in the Capital Accounting Manual issued by the Department of Health.
- 13.3.8. The Chief Finance Officer of the Trust shall calculate and pay capital charges as specified in the Capital Accounting Manual issued by the Department of Health.

13.4. Security of Assets

- 13.4.1. The overall control of capital assets is the responsibility of the Chief Executive.
- 13.4.2. Asset control procedures (including capital assets, cash, cheques, and negotiable instruments, and donated assets) must be approved by the Chief Finance Officer. The procedures shall make provision for:
- (i) recording managerial responsibility for each asset,
 - (ii) identification of additions and disposals,
 - (iii) identification of all repairs and maintenance expenses,
 - (iv) physical security of assets,
 - (v) periodic verification of the existence, condition of, and title to assets recorded,
 - (vi) identification and reporting of all costs associated with the retention of an asset,
 - (vii) reporting, recording and safekeeping of cash, cheques, and negotiable instruments.

- 13.4.3. All discrepancies revealed by verification of physical assets to the capital asset register shall be notified to the Chief Finance Officer.
- 13.4.4. Whilst each employee and officer have 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.
- 13.4.5. 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.
- 13.4.6. Where practical, assets should be marked as Trust property.

14. STORES AND RECEIPT OF GOODS

14.1 General Position

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

- kept to a minimum,
- subjected to annual stock take,
- valued at the lower of cost and net realisable value.

14.2 Control of Stores, Stocktaking, Condemnations and Disposals

14.2.1. Subject to the responsibility of the Chief Finance Officer for the systems of control, overall responsibility for the control of stores shall be delegated to an employee by the Chief Executive. The day-to-day responsibility may be delegated by him/her to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the Chief Finance Officer. The control of Pharmaceutical stocks shall be the responsibility of a designated Pharmaceutical Officer, the control of any fuel oil and coal of a designated Estates Manager.

14.2.2. The responsibility for security arrangements and the custody of keys for all 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.

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

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

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

14.2.6. The designated manager/pharmaceutical officer shall be responsible for a system approved by the Chief Finance Officer for a review of slow moving and obsolete items, and for condemnation, disposal, and replacement of all unserviceable articles. The designated officer shall report to the Chief Finance Officer any evidence of significant overstocking, and of any negligence or malpractice (see also overlap with SFI No.15 "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.

14.3. Departmental Stores

14.3.1. Senior Managers are responsible for all goods stored in their departments and required for immediate use, and for systems for control of those stores.

14.4 Bankruptcies, Liquidations and Receiverships

14.4.1. The Chief Finance Officer should make every effort to appraise him/herself, at the earliest point possible, of the bankruptcy, liquidation, or receivership of any supplier.

14.4.2. When a bankruptcy, liquidation or receivership is discovered, all payments should be ceased pending confirmation of the bankruptcy etc. As a matter of urgency, a statement must be prepared listing the amounts due to and from the Trust.

14.4.3 The Chief Finance Officer must ensure that any payments due by the Trust are made to the correct person.

14.4.4 The Chief Finance Officer must ensure that any claim by the Trust is properly lodged with the correct party, and without delay.

14.4.5 If the Trust has a contract with a person or body which is bankrupt etc., it normally has the right to summarily terminate the contract. However, there are ramifications arising from this and, in any case, it will probably be prudent to take legal advice.

15. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

15.1 Disposals and Condemnations

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

15.1.2. When it is decided to dispose of a Trust asset, the head of department or authorised deputy will determine and advise the Chief Finance Officer, or officer so delegated by him/her, of the estimated market value of the item, taking account of professional advice where appropriate.

15.1.3. All unserviceable articles shall be:

- (i) condemned or otherwise disposed of by an employee authorised for that purpose by the Chief Finance Officer. The advice of the Supplies Department shall be sought regarding the manner of disposal, to ensure that such articles are disposed of safely and in accordance with any prevailing disposal regulations,
- (ii) recorded by the condemning officer in a form approved by the Chief Finance Officer, which will indicate whether the articles are to be converted, destroyed, or otherwise disposed of. All entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the Chief Finance Officer.

15.1.4. The condemning officer shall satisfy himself as to whether there is evidence of negligence in use and shall report any such evidence to the Chief Finance Officer who will take the appropriate action.

15.2 Losses and Special Payments

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

15.2.2 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately inform the Chief Executive and the Chief Finance Officer or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Chief Finance Officer or Chief Executive. Where a criminal offence is suspected, the Chief Finance Officer must immediately inform the police if theft or arson is involved. In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the Chief Finance Officer inform the relevant Local Counter Fraud Specialist (LCFS) and the NHS Counter Fraud Authority, and in line with the Trust Anti-Fraud, Bribery and Corruption Response Policy.

- 15.2.3 The Chief Finance Officer must notify the NHS Counter Fraud Authority and the External Auditor of all frauds.
- 15.2.4 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Chief Finance Officer must immediately notify the Board and the External Auditor.
- 15.2.5 Within limits delegated to it by the Department of Health, the Board shall approve the writing off, of losses.
- 15.2.6 The Chief Finance Officer shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.
- 15.2.7 For any loss, the Chief Finance Officer should consider whether any insurance claim can be made.
- 15.2.8 The Chief Finance Officer shall maintain a Losses and Special Payments Register, in which write-off action is recorded, and will produce an annual summary for consideration by the Audit Committee.
- 15.2.9 No special payments exceeding delegated limits shall be made without the prior approval of the Department of Health.

16. INFORMATION TECHNOLOGY

16.1 Responsibilities and Duties of the Chief Finance Officer

16.1.1 The Chief Finance Officer, who is responsible for the accuracy and security of the computerised financial data of the Trust, shall:

- (i) 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,
- (ii) 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,
- (iii) ensure that adequate controls exist such that the computer operation is separated from development, maintenance, and amendment,
- (iv) 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.

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

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

16.2 Responsibilities and Duties of Other Directors and Officers in Relation to Computer Systems of a General Application

16.2.1 In the case of computer systems which are proposed General Applications (i.e., normally those applications which the majority of Trusts in the Region wish to sponsor jointly) all responsible Directors and employees will send to the Chief Finance Officer: -

- (i) details of the outline design of the system,

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

16.3 Contracts for Computer Services with Other Health Bodies or Outside Agencies

16.3.1 The Chief Finance Officer 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.

16.3.2 Where another health organisation or any other agency provides a computer service for financial applications, the Chief Finance Officer shall periodically seek assurances that adequate controls are in operation via an appropriate mechanism such as a service level agreement.

16.4 Risk Assessment

16.4.1 The Chief Finance Officer shall ensure that risks to the Trust rising 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.

16.5 Requirements for Computer Systems Which Have an Impact on Corporate Financial Systems

16.5.1 Where computer systems have an impact on corporate financial systems the Chief Finance Officer shall need to be satisfied that:

- (i) systems acquisition, development and maintenance are in line with corporate policies such as a Digital Strategy,
- (ii) data produced for use with financial systems is adequate, accurate, complete, and timely, and that a management (audit) trail exists,
- (iii) Chief Finance Officer ensures staff have access to such data,
- (iv) such computer audit reviews as are considered necessary are being carried out.

17. PATIENTS' PROPERTY

- 17.1 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.
- 17.2 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 (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.
- 17.3 The Chief Finance Officer must provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients' property (including instructions on the disposal of the property of deceased patients and of patients transferred to other premises) for all staff whose duty is to administer, in any way, the property of patients. Due care should be exercised in the management of a patient's money to maximise the benefits to the patient.
- 17.4 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 Chief Finance Officer.
- 17.5 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.
- 17.6 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.
- 17.7 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.

18. FUNDS HELD ON TRUST

18.1 Corporate Trustee

18.1.1 Standing Order 2.8 “Corporate Role of the Board” outlines the Trust’s responsibilities as a corporate trustee for the management of funds it holds on trust. There is also a requirement for compliance with the Charities Commission latest guidance and best practice.

18.1.2 The discharge of the Trust’s corporate trustee responsibilities is distinct from its responsibilities for exchequer funds and may not necessarily be discharged in the same manner, but there must still be adherence to the overriding general principles of financial regularity, prudence, and propriety. Trustee responsibilities cover both charitable and non-charitable purposes.

18.1.3 The Chief Finance Officer shall ensure that each trust fund which the Trust is responsible for managing is managed appropriately regarding its purpose and to its requirements.

18.2 Accountability to the Charity Commission and Secretary of State for Health

18.2.1 The trustee responsibilities must be discharged separately, and full recognition given to the Trust’s dual accountabilities to the Charity Commission for charitable funds held on trust and to the Secretary of State for Health for all funds held on trust.

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

18.3 Applicability of SFIs to Funds Held on Trust

18.3.1 In so far as it is possible to do so, most of the sections of these SFIs will apply to the management of funds held on trust. (See overlap with Standing Financial Instruction No.7.16).

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

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

- 19.1 The Chief Finance Officer 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 Trusts Code of Business Conduct, including Managing Conflicts of Interest, and is also deemed to be an integral part of these Standing Orders and SFIs (see overlap with Standing Order No.7).

20. RETENTION OF RECORDS

- 20.1 The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with Department of Health guidelines.
- 20.2 The records held in archives shall be capable of retrieval by authorised persons.
- 20.3 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.

21. RISK MANAGEMENT AND INSURANCE

21.1 Programme of Risk Management

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

21.1.2 The programme of risk management shall include:

- (i) a process for identifying and quantifying risks and potential liabilities,
- (ii) engendering among all levels of staff a positive attitude towards the control of risk,
- (iii) 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,
- (iv) contingency plans to offset the impact of adverse events,
- (v) audit arrangements including internal audit, clinical audit, health and safety review,
- (vi) a clear indication of which risks shall be insured,
- (viii) arrangements to review the risk management programme.

21.1.3 The existence, integration and evaluation of the above elements will assist in providing a basis to make a statement on the effectiveness of Internal Control (SIC) within the Annual Report and Accounts as required by current Department of Health guidance.

21.2 Insurance: Risk Pooling Schemes Administered by NHS Resolution

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

21.3 Insurance Arrangements with Commercial Insurers

21.3.1 There is a general prohibition on entering into insurance arrangements with commercial insurers. There are however three exceptions when Trusts may enter insurance arrangements with commercial insurers. The exceptions are: -

- (i) for insuring motor vehicles owned by the Trust including insuring third party liability arising from their use,
- (ii) 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,
- (iii) 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 an 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 commercial insurance arrangements the Chief Finance Officer should consult the Department of Health.

21.4 Arrangements to be followed by the Board in Agreeing Insurance Cover

- 21.4.1 Where the Board decides to use the risk pooling schemes administered by NHS Resolution the Director of Governance shall ensure that the arrangements entered are appropriate and complementary to the risk management programme. Director of Governance shall ensure that documented procedures cover these arrangements.
- 21.4.2 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 Governance shall ensure that the Board is informed of the nature and extent of the risks that are self-insured because of this decision. Director of Governance 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.
- 21.4.3 All the risk-pooling schemes require scheme members to make some contribution to the settlement of claims (the "deductible"). The Director of Governance should ensure documented procedures also cover the management of claims and payments below the deductible in each case.