

Standing Financial Instructions

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1 INTRODUCTION

1.1 General

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

1.1.2 These Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law (including the Bribery Act 2010) and Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Trust Board's Scheme of Reservation and Delegation and the Detailed Scheme of Delegation adopted by the Chief Executive.

1.1.3 These Standing Financial Instructions identify the financial responsibilities that apply to everyone working for the Trust and its constituent organisations including Trading Units and any Shared Service Centre. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Director of Finance. All managers have a responsibility to ensure that their staff have been notified of key Standing Financial Instructions.

1.1.4 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Director of Finance or the Director of Internal Audit MUST BE SOUGHT BEFORE YOU ACT. The user of these Standing Financial Instructions should also be familiar with and comply with the provisions of the Trust's Standing Orders.

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

1.1.6 Overriding Standing Financial Instructions

If for any reason these Standing Financial Instructions are not complied with full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit Committee for referring action or ratification. All members of the Board and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Director of Finance as soon as possible.

1.2 Terminology

1.2.1 Any expression to which a meaning is given in Health Service Acts, or in Directions made under the Acts, shall have the same meaning in these instructions; and

'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.

'Trust' means Plymouth Hospitals NHS Trust

‘Board’ means the Chairman, Executive and Non-Executive Members of the Trust collectively as a body.

‘Budget’ means a resource, expressed in financial terms, proposed by the Board for the purpose of carrying out, for a specific period, any or all of the functions of the Trust.

‘Budget holder’ means the director or employee with delegated authority to manage finances (Income and Expenditure) for a specific area of the organisation.

‘Chairman of the Board (or Trust)’ is the person appointed by the Secretary of State for Health to lead the Board and to ensure that it successfully discharges its overall responsibility for the Trust as a whole. The expression ‘the Chairman of the Trust’ shall be deemed to include the Vice-Chairman of the Trust if the Chairman is absent from the meeting or is otherwise unavailable.

‘Chief Executive’ means the Chief Officer of the Trust.

‘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.

‘Committee’ means a committee appointed by the Board.

‘Committee members’ means persons formally appointed by the Board to sit on or to chair specific committees.

‘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.

‘Director of Finance’ means the Chief Financial Officer of the Trust.

‘Funds held on trust’ shall mean those funds which the Trust holds on date of incorporation, receives on distribution by statutory instrument or chooses subsequently to accept under powers derived under S.90 of the NHS Act 1977, as amended. Such funds may or may not be charitable.

‘Executive Director’ means a Member of the Board who is an Officer.

‘Member’ means officer or non-officer member of the Board as the context permits. Member in relation to the Board does not include its Chairman.

‘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.

‘Membership, Procedure and Administration Arrangements Regulations’ means [NHS Membership and Procedure Regulations \(SI 1990/2024\)](#) and subsequent amendments. ([see SI 1990/ 2160](#) and [SI 1996 / 1755](#))

‘Nominated Officer’ means an officer charged with the responsibility for discharging specific tasks within Standing Orders and Standing Financial Instructions.

‘Non-Executive Director’ means a Member of the Trust who is not an Officer of the Trust and is not to be treated as an Officer by virtue of the Membership and Procedure Regulations.

‘Officer’ means employee of the Trust or any other person holding a paid appointment or office with the Trust.

‘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 Chairman of the Trust or any person nominated by such a Committee for appointment as a Trust member).

‘Secretary’ means a person who may be appointed to act independently of the Board to provide advice on corporate governance issues to the Board and the Chairman and monitor the Trust's compliance with the law, Standing Orders, and Department of Health guidance. In the Plymouth Hospitals NHS Trust this is the Director of Corporate Business.

‘SFIs’ means Standing Financial Instructions.

‘SOs’ means Standing Orders.

‘Vice-Chairman’ means the Non-Executive Director appointed by the Board to take on the Chairman's duties if the Chairman is absent for any reason.

1.2.2 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.

1.2.3 Wherever the term ‘employee’ is used and where the context permits it shall be deemed to include employees of third parties contracted to the Trust when acting on behalf of the Trust.

1.3 Responsibilities and Delegation

1.3.1 The Board exercises financial supervision and control by:

- a formulating the financial strategy;
- b requiring the submission and approval of budgets within approved allocations/overall income;
- c defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money); and
- d defining specific responsibilities placed on members of the Board and employees as indicated in the Scheme of Reservation and 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 and Delegation. All other powers have been delegated to such other committees or officers as the Board has determined.

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

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

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

1.3.5 The Director of Finance is responsible for:

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

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

- a the provision of financial advice to other members of the Board and employees;
- b the design, implementation and supervision of systems of internal financial control; and
- c 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:

- a the security of the property of the Trust;
- b avoiding loss;
- c exercising economy and efficiency in the use of resources; and
- d conforming to the requirements of Standing Orders, Standing Financial Instructions, 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 any and all members of the Board and employees who carry out a financial function, the form in which financial records are kept and the manner in which members of the Board and employees discharge their duties must be to the satisfaction of the Director of Finance.

2 AUDIT

2.1 Audit Committee

2.1.1 In accordance with Standing Orders the Board shall formally establish an Audit Committee, with clearly defined terms of reference and following guidance from the NHS Audit Committee Handbook (May 2014), which will provide an independent and objective view of internal control by:

- a overseeing Internal and External Audit services;
- b reviewing financial systems and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgments;
- c review the establishment and maintenance of an effective system of integrated governance, risk management and internal control (including the Assurance Framework), across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives;
- d monitoring compliance with Standing Orders and Standing Financial Instructions (including review of schedules of single tender actions);
- e reviewing schedules of losses and compensations and making recommendations to the Board;
- f reviewing the information prepared to support the controls assurance statements prepared on behalf of the Board and advising the Board accordingly.
- g reviewing policies and procedures in respect of fraud. Bribery and corruption and to receive the Annual Report and plan of the Local Counter Fraud Specialist.
- h discussing problems and reservations arising from any audit work and any matters arising which the Auditor's may wish to discuss (in the absence of Executive Directors and other management where necessary).

2.1.2 Where the Audit Committee considers there is evidence of ultra vires (beyond powers) transactions, evidence of improper acts, or if there are other important matters that the committee wish to raise, the Chairman of the Audit Committee should raise the matter at a full meeting of the board. Exceptionally, the matter may need to be referred to the Department of Health (to the Director of Finance in the first instance).

2.1.3 It is the responsibility of the Director of Finance to ensure an adequate internal audit service is provided and the Audit Committee shall be involved in the selection process when/if an internal audit service provider is changed.

2.1.4 The responsibility for ensuring that recommendations made by internal and external audit are implemented is delegated to the managers named within those reports.

2.1.5 The responsibility for the maintenance and update of Trust Financial Procedures is delegated to the Deputy Director of Finance and any amendments to these will be agreed with the Trusts internal audit service.

2.2 Director of Finance

2.2.1 The Director of Finance is responsible for:

- a ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective internal audit function;
- b ensuring that the internal audit is adequate and meets the NHS mandatory audit standards;
- c deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption;
- d ensuring that an annual internal audit report is prepared for the consideration of the

Audit Committee and the Board. The report must cover:

- i. a clear opinion on the effectiveness of internal control in accordance with current controls assurance guidance issued by the Department of Health including for example compliance with control criteria and standards,
 - ii. major internal financial control weaknesses discovered,
 - iii. progress on the implementation of internal audit recommendations,
 - iv. progress against plan over the previous year,
 - v. strategic audit plan covering the coming three years,
 - vi. a detailed plan for the coming year.
- e ensuring that there is effective liaison with Local Counter Fraud Specialist (LCFS) and NHS Protect on all suspected cases of fraud, bribery and corruption and all anomalies which may indicate fraud, bribery or corruption before any action is taken.

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

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

2.3 Role of Internal Audit

2.3.1 Internal Audit will review, appraise and report upon:

- a the extent of compliance with, and the financial effect of, relevant established policies, plans and procedures;
- b the adequacy and application of financial and other related management controls;
- c the suitability of financial and other related management data;
- d the extent to which the Trust's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
 - i. fraud and other offences,
 - ii. waste, extravagance, inefficient administration,
 - iii. poor value for money or other causes relating to Internal Audit terms of reference.
- e internal Audit shall also independently verify the controls assurance statements in accordance with guidance from the Department of Health.
- f adequacy and appropriateness of remedial action taken by managers following the issue of an adverse audit report or audit comment.

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

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

2.3.4 The Director of Internal Audit shall be accountable to the Director of Finance. The reporting system for internal audit shall be agreed between the Director of Finance, the Audit Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the Public Sector Internal Audit

Standards. The reporting system shall be reviewed at least every three years.

- 2.3.5 A summation of all Internal Audit's work and reviews shall be reported to the Audit Committee and their attention drawn to any continuing item(s) of concern.

2.4 External Audit

- 2.4.1 The external auditor is appointed by Public Sector Audit Appointments Limited (this Body replaced the Audit Commission in April 2015) and paid for by the Trust. The Audit Committee must ensure a cost-effective service. Should there appear to be a problem then this should be raised with the external auditor and referred on to Public Sector Audit Appointments Limited if the issue cannot be resolved. The Director of Internal Audit shall work closely with External Audit and conduct joint planning audit coverage in order to minimise duplication of work and to provide the Trust with the best value for money.

2.5 Fraud, Bribery and Corruption

- 2.5.1 In line with their responsibilities, the Trust Chief Executive and the Director of Finance is responsible for overseeing and providing strategic management and support for all anti-fraud, bribery and corruption work within the Trust.
- 2.5.2 Anti-fraud, bribery and corruption services are provided under arrangements proposed by the Director of Finance and approved by the Audit Committee, on behalf of the Board.
- 2.5.3 Only the Director of Finance may commission the procurement of anti-fraud, bribery and corruption services, having sought the approval of the Audit Committee.
- 2.5.4 The Local Counter Fraud Specialist will report to the Director of Finance and ensure a written report is provided at least annually to the Audit Committee on anti-fraud, bribery and corruption work within the Trust.

2.6 Security Management

- 2.6.1 In line with their responsibilities, the Trust Chief Executive will monitor and ensure compliance with Directions issued by the Secretary of State for Health on NHS security management.
- 2.6.2 The Trust shall nominate a suitable person to carry out the duties of the Local Security Management Specialist (LSMS) as specified by the Secretary of State for Health guidance on NHS security management.
- 2.6.3 The Trust shall nominate a Non-Executive Director to be responsible to the Board for NHS security management.
- 2.6.4 The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the Director responsible for Security Management and the appointed Local Security Management Specialist (LSMS).

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

3.1 Preparation and Approval of Business Plans and Budgets

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

- a the NHS priorities which the Trust is required to meet
- b a statement of the significant assumptions on which the plan is based;
- c details of major changes in workload, delivery of services or resources required to achieve the plan; and
- d assessment of risks and plans for their management.

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

- a be in accordance with the aims and objectives set out in the annual business plan
- b aim to meet the agreed requirements of local commissioners;
- c accord with workload and workforce plans;
- d be produced following discussion with appropriate budget holders;
- e be prepared within the limits of available funds; and
- f identify potential risks.

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

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

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

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

3.1.7 Where plans for the management of risks to the delivery of the Trust's objectives require an additional investment, an appropriate business case should be prepared in accordance with the Trust's Business Decisions Procedure.

3.2 Budgetary Delegation

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

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

3.2.2 The Chief Executive and delegated budget holders must not exceed the budgetary total or

virement limits set by the Board.

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

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

3.3 Budgetary Control and Reporting

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

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

3.3.2 Each Budget Holder is responsible for ensuring that:

- a expenditure is minimised and waste is avoided
- b any likely overspending or reduction of income that cannot be met by virement is not incurred without prior consent as set out in the Trust's Detailed Scheme of Delegation;
- c the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement; and
- d no permanent employees are appointed without approval as set out in the Trust's Detailed Scheme of Delegation.

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 Annual Business Plan and a balanced budget.

3.4 Capital Expenditure

3.4.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. (The particular applications relating to capital are contained in SFI Section 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 Director of Finance, on behalf of the Trust, will:
- a prepare financial returns in accordance with the accounting policies and guidance given by the Department of Health and the Treasury, the Trust's accounting policies, and generally accepted accounting practice;
 - b prepare and submit annual financial reports to the Trust Development Authority certified in accordance with current guidelines; and
 - c submit financial returns to the Trust Development Authority for each financial year in accordance with the timetable prescribed by the Trust Development Authority.
- 4.2 The Trust's annual accounts must be audited by an auditor appointed by Public Sector Audit Appointments Limited (this Body replaced the Audit Commission in April 2015). 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 Manual for Accounts.

5 BANK ACCOUNTS

5.1 General

5.1.1 The Director of Finance is responsible for managing the Trusts banking arrangements and for advising the Trust on the provision of banking services and operation of accounts. This advice will take into account guidance/directions issued from time to time by DH. The following arrangements for the operation of Trust bank accounts must be applied in conjunction with the Trust's Treasury Management Policy (as incorporated into the Trust's written financial procedures) and the specific requirements within that policy for borrowing and the investment of surplus cash.

5.1.2 The Board of Directors shall approve the banking arrangements.

5.2 Bank Accounts

5.2.1 The Director of Finance is responsible for:

- a) Bank accounts;
- b) establishing separate bank accounts for the Trust's non-exchequer funds;
- c) ensuring payments made from bank accounts do not exceed the amount credited to the account except where arrangements have been made; and
- d) reporting to the Board of Directors all arrangements made with the Trust bankers for accounts to be overdrawn.

5.3 Banking Procedures

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

- a) the conditions under which each bank account is to be operated;
- b) the limit to be applied to any overdraft; and
- c) those authorised to sign cheques or other orders drawn on the Trust accounts.

5.4 Tendering And Review

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

5.4.2 Competitive tenders should be sought at least every ten years. The results of the tendering exercise should be reported to the Board and Audit Committee. This review is not necessary for Government Banking Service accounts.

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

6.1 Income Systems

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

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

6.2 Fees and Charges

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

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

6.2.3 Any income generated from the activities of staff working in their employment hours, and/or utilising any of the Trust facilities shall be declared as Trust Exchequer Income and dealt with in line with the Trust official income systems and controls and any relevant aspects of an employee's terms and conditions of employment.

6.2.4 In respect of setting of Fees and Charges the Director of Finance has delegated responsibility for;

- a) Private Patients , Overseas Patients, Income Generation Schemes and other Patient related services income sources; and
- b) Prices for NHS Contracts.

6.2.5 All income generation activities shall be approved, before they are undertaken, by the appropriate budget holder/manager, and comprehensive and detailed records retained for audit. Such approval shall only be granted where the scheme generates a minimum of break even after taking account of all overheads and after further approval of prices by the Director of Finance paragraph 6.2.2 above.

6.3 Debt Recovery

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

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

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

6.4 Security of Cash, Cheques and Other Negotiable Instruments

6.4.1 The Director of Finance is responsible for:

- a approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable;
- b ordering and securely controlling any such stationery;

- c the provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines; and
- d prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust.
- e ensuring secure means are in place to enable employees to receive payment for goods and services by means of credit and debit cards.

6.4.2 The Trust's official money shall not under any circumstances be used for the encashment of private cheques, nor IOUs.

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

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

7 TENDERING AND CONTRACTING

7.1 Duty to comply with Standing Orders and Standing Financial Instructions

The procedure for making all contracts by or on behalf of the Trust shall comply with these Standing Financial Instructions and Standing Orders (except where the Standing Order of the Trust governing Suspension of Standing Orders is applied).

Detailed processes relating to electronic and non - electronic tendering will be updated and held by the Procurement Department.

For all tendering and contracting the need for the Trust to comply with the Bribery Act 2010 should be understood by all staff. Further details of this act and the Trust's policy for dealing with these requirements are given in the Trust's 'Standards of Business Conduct Guidance' also available on the Trust's Document Drive.

It must be stressed that, in the event of any conflict, these SFIs prevail.

7.2 EU Directives Governing Public Procurement

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

7.3 Reverse eAuctions

The Trust should have policies and procedures in place for the control of all tendering activity carried out through Reverse eAuctions and hold these on the Trust's Document Drive. For further guidance on Reverse eAuctions refer to www.ogc.gov.uk.

7.4 Formal Competitive Tendering

7.4.1 General Applicability

The Trust shall ensure that competitive tenders are invited for:

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

7.4.2 Health Care Services

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

7.4.3 Exceptions and instances where formal competitive tendering need not be applied

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

- a the estimated total expenditure or income does not, or is not reasonably expected to, exceed £50,000 including VAT (except where recoverable). This value should be applied to the life of the contract and not the annual or initial amount.
- b where the supply is proposed under special arrangements negotiated by the DH in

- which event the said special arrangements must be complied with;
- c regarding disposals as set out in Standing Financial Instructions No. 7.12;

7.4.4 Subject to EU Directives governing public procurement, formal competitive tendering procedures **may be waived** in the following circumstances:

- a in very exceptional circumstances where the Chief Executive decides that formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate Trust record
- b where the requirement is covered by an existing contract or a direct award framework agreement (e.g. Procure 21; Crown Commercial Service or NHS Supply Chain);
- c where agreements are in place with other relevant national bodies and have been approved by the Board;
- d 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;
- e 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 action;
- f where specialist expertise is required and is available from only one source;
- g when the task is essential to complete the project, and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate;
- h 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;
- i for the provision of legal advice and services providing that any legal firm or partnership commissioned by the Trust is regulated by the Law Society for England and Wales for the conduct of their business (or by the Bar Council for England and Wales in relation to the obtaining of Counsel's opinion) and are generally recognised as having sufficient expertise in the area of work for which they are commissioned. The Director of Finance will ensure that any fees paid are reasonable and within commonly accepted rates for the costing of such work.

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 circumstances of the waiver and the approval should be documented and recorded in an appropriate Trust record and reported to the Audit Committee at each meeting.

7.4.5 Fair and Adequate Competition

Where the exceptions set out in SFI Nos. 7.4.3 and 7.4.4 apply, the Trust shall ensure that invitations to tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and in no case less than two firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.

7.4.6 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.

7.5 Contracting/Tendering Procedure

7.5.1 Invitation to tender

- a all invitations to tender shall state the date and time as being the latest time for the receipt of tenders.
- b paper invitations to tender shall state that tenders will only be accepted if:
 - i. 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;
 - ii. tender envelopes/ packages do not bear any names or marks indicating the sender. The use of courier/postal services must not identify the sender on the envelope or on any receipt so required by the deliverer.
- c electronic invitations to tender, where an e tendering software package is used, will only be accepted if:
 - i. the tender response is completed on-line and uploaded into a secure electronic mailbox.
 - ii. can only be opened after the latest time for receipt of tenders
- d every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable.
- e every tender for building or engineering works 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/Works) or an equivalent form acceptable to the Director of Finance. These documents may be modified to accord with Department of Health guidance and, in minor respects, to cover special features of individual projects. (refer to SFI No. 7.1)

7.5.2 Receipt and safe custody of tenders

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

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

Electronic invitations to tender, where an e tendering software package is used, will be stored in an electronic mailbox until the closing date and time. An audit log within the e-tendering system will record the date and time the offer documents are received.

7.5.3 Opening tenders and Register of tenders

- a Tenders shall be opened as soon as practicable, but no later than 5 working days, after the date and time stated as being the latest time for the receipt of tenders.
- b paper tenders shall be opened by two senior officers/managers designated by the Chief Executive and not from the originating department.
- c a member of the Trust Board will be required to be one of the two approved persons present for the opening of paper tenders estimated above £1,000,000 including VAT (except where recoverable). The rules relating to the opening of tenders will need to be read in conjunction with any delegated authority set out in the Trust's Scheme of Delegation.
- d where an electronic tendering package is used the tender documents will be opened electronically by two procurement professionals with relevant delegated authority as set out in the Trust's Scheme of Delegation.
- e the 'originating' Department will be taken to mean the Department sponsoring or commissioning the tender.
- f the involvement of Finance Directorate staff in the preparation of a tender proposal

will not preclude the Director of Finance or any approved Senior Manager from the Finance Directorate from serving as one of the two senior officers/managers to open paper tenders.

- g all Executive Directors/members will be authorised to open paper 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.
- h every paper tender received shall be marked with the date of opening and initialled by those present at the opening.
- i where an electronic tendering package is used the details of the persons opening the documents will be recorded in the audit trail together with the date and time of the documents opening.
- j a register shall be maintained by the Chief Executive, or a person authorised by them, to show for each set of paper tender invitations despatched:
 - i. the name of all firms/individuals invited;
 - ii. the names of firms/individuals from which tenders have been received;
 - iii. the date the tenders were opened;
 - iv. the persons present at the opening;
 - v. the price shown on each tender;
 - vi. a note where price alterations have been made on the tender.

Each entry to this register shall be signed by those present. A note shall be made in the register if any one tender price has had so many alterations that it cannot be readily read or understood.

Where an electronic tendering package is used, opening activity shall be automatically recorded within the system audit reports.

- vii. Incomplete tenders, i.e. those from which information necessary for the adjudication of the tender is missing, and amended tenders i.e., those amended by the tenderer upon his own initiative either orally or in writing after the due time for receipt, but prior to the opening of other tenders, should be dealt with in the same way as late tenders. (Standing Order No. 7.5.5 below).

7.5.4 Admissibility

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

7.5.5 Late tenders

- a tenders received after the due time and date, but prior to the opening of the other tenders, may be considered only if the Chief Executive or his nominated officer decides that there are exceptional circumstances i.e. despatched in good time but delayed through no fault of the tenderer.
- b only in the most exceptional circumstances will a tender be considered which is received after the opening of the other tenders and only then if the tenders that have been duly opened have not left the custody of the Chief Executive or his nominated officer* or if the process of evaluation and adjudication has not started (*or in the case of electronic tendering have been secured within the electronic mailbox).
- c while decisions as to the admissibility of late, incomplete or amended tenders are

under consideration, the tender documents shall be kept strictly confidential, recorded, and held in safe custody by the Chief Executive or his nominated officer (or in the case of electronic tendering have been secured within the electronic mailbox).

7.5.6 Acceptance of formal tenders (See overlap with SFI No. 7.7 and 7.8)

- a any discussions with a tenderer which are deemed necessary to clarify technical aspects of his tender before the award of a contract will not disqualify the tender.
- b the most economically advantageous tender, shall be accepted unless there are good and sufficient reasons to the contrary. These reasons shall be set out in an appropriate Trust record (E.G. Single Tender Action Form or CAP 4 Form.)
- c It should be noted that in some cases, the lowest price does not always represent the most economically advantageous tender or best value for money. Other factors which may be deemed as appropriate selection criteria include, but are not restricted to:
 - i. experience of the potential supplier within the required field
 - ii. understanding of the Trust's needs through an accurate interpretation of the specification;
 - iii. feasibility and credibility of proposed approach;
 - iv. service / maintenance support
 - v. ability to complete the project on time.

Where other factors are taken into account in selecting a tenderer, these must have been clearly recorded and documented in the Invitation to Tender, and the reason(s) for not accepting the lowest tender clearly stated. The relative weight to be given to financial and other selection criteria as referenced in the Evaluation Framework contained in the Trust's Detailed Scheme of Delegation.

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

- d 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.
- e the use of these procedures must demonstrate that the award of the contract was:
 - i. not in excess of the going market rate / price current at the time the contract was awarded;
 - ii. determined by the correct and accurate application of the selection criteria
- f all tenders should be treated as confidential and should be retained for inspection in accordance with SFI No. 20.

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

7.6 Quotations: Competitive and non-competitive

General Position on quotations

Quotations are required where formal competitive tendering procedures are not adopted and where the intended expenditure or income exceeds, or is reasonably expected to

exceed £5,000 including VAT (except where recoverable) but not exceed £50,000 including VAT (except where recoverable).

7.6.1 Competitive Quotations

- a Quotations should be obtained from at least three suppliers/individuals based on specifications or terms of reference prepared by, or on behalf of, the Trust.
- b Quotations should be in writing (including by e-mail).
- c All quotations should be treated as confidential and should be retained for inspection.
- d The Chief Executive or his nominated officer should evaluate the quotation and select the quote which gives the best value for money. If this is not the lowest quotation if payment is to be made by the Trust, or the highest if payment is to be received by the Trust, then the choice made and the reasons why should be recorded in a permanent record.

7.6.2 Non-Competitive Quotations

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

- a 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 possible or desirable to obtain competitive quotations;
- b the requirement for goods or manufactured articles could not have been reasonably foreseen and are not obtainable under existing contracts;
- c where the timescale genuinely precludes competitive quotations, but failure to plan the work properly would not be regarded as a justification for a non competitive quotation;

Waiving of competitive quotations procedures should not be used to avoid competition or for administrative convenience.

Where it is decided that competitive quotations are not applicable and should be waived, the circumstances of the waiver and the approval should be documented and recorded in an appropriate Trust record e.g Single Tender Action report (STA).

7.6.3 Quotations to be within Financial Limits

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

7.7 Authorisation of Quotations and Tenders

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

Quotations:

All values include VAT, except where recoverable

- Designated budget holders up to £1,000
- Service Line Directors and Managers up to £10,000
- Care Group Directors and Managers up to £50,000 (Procurement department counter sign off also required)

Tenders:

- Director of Finance up to £1,000,000
- Chief Executive over £1,000,000 (with report to Trust Board)

These levels of authorisation may be varied or changed and need to be read in conjunction with the Trust Board's Detailed Scheme of Delegation. In some circumstances additional financial controls may be applied to some specific areas of spend as detailed in the Trust's Financial Controls Guidance.

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

7.8 Private Finance for capital procurement

(see overlap with SFI No. 13)

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

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

7.9 Compliance requirements for all contracts

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

- a the Trust's Standing Orders and Standing Financial Instructions;
- b EU Directives and other statutory provisions, including the Bribery Act 2010.;
- c any relevant directions and guidance on the Procurement and Management of Consultants;
- d such of the NHS Standard Contract Conditions as are applicable;
- e contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance;
- f where appropriate contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited;
- a 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.

7.10 Personnel and Agency or Temporary Staff Contracts

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

7.11 Healthcare Services Agreements

(See overlap with SFI No. 8)

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

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

7.12 Disposals

(See overlap with SFI No. 13)

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

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

7.13 In-house Services

7.13.1 The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis. The Trust may also determine from time to time that in-house services should be market tested by competitive tendering.

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

- a Specification group, comprising the Chief Executive or nominated officer/s and specialist.
- b In-house tender group, comprising a nominee of the Chief Executive and technical support.
- c Evaluation team, comprising normally a specialist officer, a Procurement specialist and a Director of Finance representative. For services having a likely annual expenditure exceeding £1,000,000 including VAT (except where recoverable), a non-executive member of the Board should be a member of the evaluation team.

7.13.3 All groups should work independently of each other and individual officers may be a member of more than one group but no member of the in-house tender group may participate in the evaluation of tenders.

7.13.4 The evaluation team shall make recommendations to the Board.

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

7.14 Applicability of SFIs on Tendering and Contracting to Funds Held in Trust

(See overlap with SFI No. 18)

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.

7.15 Cancellation of Contracts

7.15.1 Cancellation of Contracts - Except where specific provision is made in model Forms of Contracts or standard Schedules of Conditions approved for use within the NHS and in accordance with Standing Orders, there shall be inserted in every written contract a clause

empowering the Trust to cancel the contract and to recover from the contractor the amount of any loss resulting from such cancellation, if the contractor shall have offered, or given or agreed to give, any person any gift or consideration of any kind as an inducement or reward for doing or forbearing to do or for having done or forborne to do any action in relation to the obtaining or execution of the contract or any other contract with the Trust, or for showing or forbearing to show favour or disfavour to any person in relation to the contracts or any other contract with the Trust, or if the like acts shall have been done by any person employed by him or acting on his behalf (whether with or without the knowledge of the contractor), or if in relation to any contract with the Trust the contractor or any person employed by him/her or acting on his/her behalf shall have committed any offence under the Prevention of Corruption Acts 1889 and 1916 and other appropriate legislation.

7.15.2 Determination of Contracts for Failure to Deliver Goods or Material – There shall be inserted in every written contract for the supply of goods or materials a clause to secure that, should the contractor fail to deliver the goods or materials or any portion thereof within the time or times specified in the contract, the Trust may without prejudice determine the contract either wholly or to the extent of such default and purchase other goods, or material of similar description to make good (a) such default, or (b) in the event of the contract being wholly determined the goods or materials remaining to be delivered. The clause shall further secure that the amount by which the cost of so purchasing other goods or materials exceeds the amount which would have been payable to the contractor in respect of the goods or materials shall be recoverable from the contractor.

7.16 Transparency

7.16.1 The Government has set out the need for greater transparency across its operations to enable the public to hold public bodies and politicians to account. This includes commitments relating to public expenditure, intended to help achieve better value for money. In order to comply with these requirements, the Trust makes available on its website:

- a All new contracts published in full.
- b All new tender documents for contracts over £10,000 (excluding VAT). This information is also to be made available to the public free of charge.
- c New items of spending over £25,000 (excluding VAT)

7.16.2 The transparency of contracts and tender documents emphasizes the need for strict compliance with Trust Standing Orders, Standing Financial Instructions and relevant procurement legislation by all Trust staff when procuring goods and services.

8 NHS SERVICE AGREEMENTS FOR PROVISION OF SERVICES

(See overlap with SFI No 7.11)

8.1 Service Level Agreements (SLAs)

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

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 take into account:

- a the requirements of the NHS Constitution
- b the standards of service quality expected;
- c the current Operating Framework for the NHS
- d the current Operating Framework for NHS South West
- e current guidelines on the implementation of payment by Results
- f the NHS standard contract for acute services
- g the Commissioning Intentions of local commissioners
- h the relevant national service framework (if any);
- i the provision of reliable information on cost and volume of services;
- j the NHS National Performance Assessment Framework;
- k that SLAs build where appropriate on existing Joint Investment Plans;
- l that SLAs are based on integrated care pathways.

8.2 Involving Partners and jointly managing risk

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

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 should be based where possible upon Healthcare Resource Groups (HRGs). Where HRGs are unavailable for specific services, all parties should agree a common currency for application across the range of SLAs.

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

9.1 Remuneration and Terms of Service

(see overlap with Standing Order 4)

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

9.1.2 The Committee will:

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

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 determine proposals presented by the Chief Executive for 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 Chairman 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 workforce plans incorporated within the annual budget will form the funded establishment.

9.2.2 The funded establishment of any department may not be varied without approval as set out in the detailed scheme of delegation.

9.3 Staff Appointments

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

- a unless authorised to do so in accordance with the detailed Scheme of Delegation

9.3.2 The Board will determine procedures presented by the Chief Executive for the establishment of commencing pay rates, condition of service, etc, for employees who fall outside the scope of the National Terms and Conditions of Service.

9.4 Processing Payroll

9.4.1 The Director of Finance is responsible for:

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

9.4.2 The Director of Finance will issue instructions regarding:

- a verification and documentation of data;
- b the timetable for receipt and preparation of payroll data and the payment of employees and allowances;
- c maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
- d security and confidentiality of payroll information;
- e checks to be applied to completed payroll before and after payment;
- f authority to release payroll data under the provisions of the Data Protection Act;
- g methods of payment available to various categories of employee and officers;
- h procedures for payment by cheque, bank credit, or cash to employees and officers;
- i procedures for the recall of cheques and bank credits
- j pay advances and their recovery;
- k maintenance of regular and independent reconciliation of pay control accounts;
- l separation of duties of preparing records and handling cash; and
- m a system to ensure the recovery from leavers of sums of money and property due by them to the Trust.

9.4.3 Appropriately nominated managers have delegated responsibility for:

- a submitting time records, and other notifications in accordance with agreed timetables;
- b completing time records and other notifications in accordance with the Director of Finance's instructions and in the form prescribed by the Director of Finance; and
- c submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's or officer's resignation, termination or retirement. Where an employee fails to report for duty or to fulfil obligations in circumstances that suggest they have left without notice, the Director of Finance must be informed immediately.
- d submitting signed Change of Circumstances forms to the Director of People and Director of Finance immediately upon the effective date of any change in state of employment or personal circumstances of an employee being known (E.G. Change in hours, grade or department).
- e All employees shall be paid monthly by bank credit transfer unless otherwise agreed by the Director of Finance.

9.4.4 Regardless of the arrangements for providing the payroll service, the Director of Finance
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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 the Director of Human Resources for:
- a ensuring that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation; and
 - b dealing with variations to, or termination of, contracts of employment.

10 NON-PAY EXPENDITURE

10.1 Delegation of Authority

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

10.1.2 The Chief Executive will set out:

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

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

10.2 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services Services (see overlap with SFI 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 Head of Procurement and Logistics shall be sought. Where this advice is not acceptable to the requisitioner, the Director of Finance (and/or the Chief Executive) shall be consulted.

All requisitions of goods and services should be made using the Trust's Procurement system unless specified otherwise in the Trust's Detailed Scheme of Delegation.

10.2.2 System of Payment and Payment Verification

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

10.2.3 The Director of Finance will:

- a advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained (taking account of relevant EU regulations for OJEU tendering); and, once approved, the thresholds should be incorporated in these Standing Financial Instructions and regularly reviewed; prepare procedural instructions where not already provided in the Scheme of Delegation or procedure notes for budget holders on the obtaining of goods, works and services incorporating the thresholds;
- b be responsible for the prompt payment of all properly authorised accounts and claims;
- c be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
 - i. A list of Board members/employees (including specimens of their signatures or password protected electronic approvals) authorised to certify invoices.
 - ii. Certification that:
 - goods have been duly received, examined and are in accordance with specification and the prices are correct;
 - work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;

- in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;
- where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
- the account is arithmetically correct;
- the account is in order for payment.

iii) A timetable and system for submission to the Director of Finance of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment.

iv) Instructions to employees regarding the handling and payment of accounts within the Finance Department.

- d be responsible for ensuring that payment for goods and services is only made once the goods and services are received. The only exceptions are set out in SFI No 10.2.4 below.

10.2.4 Prepayments

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

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

10.2.5 Official Orders

Official Orders must:

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

10.2.6 Duties of Managers and Officers

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

- a all contracts (other than for a simple purchase permitted within the Scheme of Delegation or delegated budget), leases, tenancy agreements and other commitments which may result in a liability are notified to the Director of Finance in advance of any commitment being made;

- b contracts above specified thresholds are advertised and awarded in accordance with European Union (EU) and World Trade Organisation (WTO) rules on public procurement
- c where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health;
- d no order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to directors or employees, other than:
 - i. isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;
 - ii. conventional hospitality, such as lunches in the course of working visits;
 (This provision needs to be read in conjunction with Standing Order No. 6 and the principles outlined in the national guidance contained in HSG 93(5) 'Standards of Business Conduct for NHS Staff' and the Bribery Act 2010.);
- e no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Director of Finance on behalf of the Chief Executive;
- f all goods, services, or works are ordered on an official order except works and services executed in accordance with a contract, purchases from petty cash or on purchase cards;
- g verbal orders must only be issued very exceptionally - by an employee designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked 'Confirmation Order';
- h orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- i goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;
- j changes to the list of directors/employees and officers authorised to certify invoices are notified to the Director of Finance;
- k purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance; and
- l petty cash records are maintained in a form as determined by the Director of Finance.

10.2.7 The Chief Executive and Director of Finance shall ensure that the arrangements are in place for financial control and financial audit of building and engineering contracts and property transactions. The technical audit of these contracts shall be the responsibility of the relevant Director.

10.3 Joint Finance Arrangements with Local Authorities and Voluntary Bodies (see overlap with Standing Order 9.1)

10.3.1 Payments to local authorities and voluntary organisations made under the powers of section 28A of the NHS Act shall comply with procedures laid down by the Director of Finance which shall be in accordance with these Acts. (See overlap with Standing Orders)

11 EXTERNAL BORROWING

11.1 Procedures

- 11.1.1 The Director of Finance will advise the Board concerning the Trust's ability to pay dividend on, and repay Public Dividend Capital and any proposed new borrowing, within the limits set by the Department of Health. The Director of Finance is also responsible for reporting periodically to the Board concerning the PDC debt and all loans and overdrafts.
- 11.1.2 The Board will agree the list of employees (including specimens of their signatures) who are authorised to make short term borrowings on behalf of the Trust. This must contain the Chief Executive and the Director of Finance.
- 11.1.3 The Director of Finance must prepare detailed procedural instructions concerning applications for loans and overdrafts.
- 11.1.4 All short-term borrowings should be kept to the minimum period of time possible, consistent with the overall cashflow position, represent good value for money, and comply with the latest guidance from the Department of Health.
- 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 Director of Finance. The Board must be made aware of all short term borrowings at the next Board meeting.
- 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.

11.2 Investments

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

12 FINANCIAL FRAMEWORK

12.1.1 The Director of Finance should ensure that Board members are aware of the Financial Framework. This document contains directions which the Trust must follow. It also contains directions to the National Trust Development Authority and the Department of Health regarding resource and capital allocation and funding to Trusts. The Director of Finance 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:

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

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

- a that a business case is produced setting out:
- b an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs; and
- c appropriate project management and control arrangements;
- d the involvement of appropriate Trust personnel and external agencies; and
- e that the Director of Finance 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.

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

13.1.5 The Director of Finance 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:

- a specific authority to commit expenditure;
- b authority to proceed to tender (see overlap with SFI No. 7.5);
- c approval to accept a successful tender (see overlap with SFI No. 7.5.6).

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

13.1.7 The Director of Finance shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes. These procedures shall fully take into account the delegated limits for capital schemes included in Annex C of HSC 1999/246.

13.2 Private Finance

Finance (see overlap with SFI No. 7.8)

13.2.1 The Trust should normally test for PFI when considering a capital procurement. When the

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

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

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 Director of Finance concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted once a year.

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

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

- a. properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
- b. stores, requisitions and wages records for own materials and labour including appropriate overheads; and
- c. 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 Director of Finance shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed 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 Director of Finance 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 fixed assets is the responsibility of the Chief Executive.

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

- a recording managerial responsibility for each asset;
- b identification of additions and disposals;
- c identification of all repairs and maintenance expenses;
- d physical security of assets;

- e periodic verification of the existence of, condition of, and title to, assets recorded;
- f identification and reporting of all costs associated with the retention of an asset; and
- g reporting, recording and safekeeping of cash, cheques, and negotiable instruments.

13.4.3 Items on the asset register shall be physically checked periodically by budget holders and all discrepancies shall be notified in writing to the Director of Finance who may also undertake such other independent checks as he considers necessary.

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

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

13.4.6 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.

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

13.5 Intellectual Property

13.5.1 The Director of Finance shall ensure that the Trust has in place processes for identifying and protecting its intellectual property

13.5.2 The Board shall be responsible for approving all business plans for the exploitation of intellectual 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:
- a kept to a minimum;
 - b subjected to annual stock take;
 - c valued at the lower of cost and net realisable value.

14.2 Control of Stores, Stocktaking, Condemnations and Disposal

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

- 14.2.1 The responsibility for security arrangements and the custody of keys for any stores and locations shall be clearly defined in writing by the designated manager/Pharmaceutical Officer. Wherever practicable, stocks should be marked as health service property.
- 14.2.2 The Director of Finance shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.
- 14.2.3 Stocktaking arrangements shall be agreed with the Director of Finance and there shall be a physical check covering all items in store at least once a year.
- 14.2.4 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Director of Finance.
- 14.2.5 The designated Managers/Pharmaceutical Officer shall be responsible for a system approved by the Director of Finance for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Director of Finance any evidence of significant overstocking and of any negligence or malpractice (see also overlap with SFI No. 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 Goods supplied by NHS Supply Chain

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

15 DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

15.1 Disposals and Condemnations

15.1.1 Procedures

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

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 Director of Finance of the estimated market value of the item, taking account of professional advice where appropriate.

15.1.3 All unserviceable articles shall be:

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

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

15.2 Losses and Special Payments

15.2.1 Procedures

The Director of Finance must prepare procedural instructions on the recording of and accounting for condemnations, losses, special payments and informing the police in cases of suspected arson or theft.

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 Director of Finance or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Director of Finance and/or Chief Executive. Where a criminal offence is suspected, the Director of Finance must immediately inform the police if theft or arson is involved. In cases of fraud and corruption or of anomalies that may indicate fraud or corruption, the Director of Finance must inform the relevant LCFS and NHS Protect where appropriate in line with the DH Fraud and Corruption Manual.

15.2.3 The Director of Finance must notify the Department of Health Directorate of Counter Fraud Services 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 Director of Finance must immediately notify:

- a the Board, and
- b the External Auditor.

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

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

15.2.6 For any loss, the Director of Finance should consider whether any insurance claim could

be made.

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

15.2.8 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 Director of Finance

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

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

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

16.1.3 The Director of Corporate Business shall publish and maintain a Freedom of Information (FOI) Publication Scheme, or adopt a model Publication Scheme approved by the information Commissioner. A Publication Scheme is a complete guide to the information routinely published by a public authority. It describes the classes or types of information about the Trust that 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 The Board will nominate an Executive Member to be responsible to the Board for information risk management (the Senior Information Risk Owner).

16.2.2 The role of the Senior Information Risk Owner is defined in the Information Governance toolkit as a Board level post. The Senior Information Risk Owner is the leading advocate for information risk to the Board, advising how information security risks could impact the strategic goals of the Trust.

16.2.3 In the case of computer systems which are proposed General Applications (i.e. including those applications which the majority of trusts in the region wish to sponsor jointly) all responsible directors and employees will send to the Director of Finance:

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

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

The Director of Finance shall ensure that contracts for computer services for financial applications with another health organisation or any other agency shall clearly define the

responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes.

Where another health organisation or any other agency provides a computer service for financial applications, the Director of Finance shall periodically seek assurances that adequate controls are in operation e.g. that the responsibilities of all parties for the security of data during processing and transmission are clearly defined and accepted by all parties.

16.4 Risk Assessment

The Director of Planning, Site Services and Information shall ensure that risks to the Trust arising from the use of IT are effectively identified and considered and appropriate action taken to mitigate or control risk. This shall include the preparation and testing of appropriate disaster recovery plans.

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

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

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

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 or sectioned 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:
- a notices and information booklets (notices are subject to sensitivity guidance)
 - b hospital admission documentation and property records,
 - c 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 Director of Finance must provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients' property (including instructions on the disposal of the property of deceased patients and of patients transferred to other premises) for all staff whose duty is to administer, in any way, the property of patients. Due care should be exercised in the management of a patient's money in order to maximise the benefits to the patient.
- 17.4 Where Department of Health instructions require the opening of separate accounts for patients' moneies, these shall be opened and operated under arrangements agreed by the Director of Finance.
- 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 General Position

18.1.1 The Trust has a Charitable Funds Committee. The management of this fund shall be governed by the Standing Order and Standing Financial Instructions and Financial Procedures.

18.2 Corporate Trustee

18.2.1 Standing Orders outline the Trust's responsibilities as a corporate trustee for the management of funds it holds on trust, along with the need for compliance with Charity Commission latest guidance and best practice.

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

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

18.2.4 Oversight of the management of funds held on Trust is delegated to the Charitable Funds Management Committee which will act as a sub-committee of the Board chaired by a non-executive Director.

18.3 Accountability to Charity Commission and Secretary of State for Health

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

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

18.4 Applicability of Standing Financial Instructions to Funds Held on Trust

18.4.1 In so far as it is possible to do so, most of the sections of these Standing Financial Instructions will apply to the management of funds held on trust.

18.4.2 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 Director of Finance shall ensure that all staff are made aware of the provisions of the Bribery Act 2010 and Trust policy on acceptance of gifts and other benefits in kind by staff. This policy should follow the guidance contained in the Department of Health circular HSG (93) 5 Standards of Business Conduct for NHS Staff and is also deemed to be an integral part of these Standing Orders and Standing Financial Instructions.

20 RETENTION OF RECORDS

- 20.1 The Chief Executive has overall responsibility for records management in the Trust. As Accountable Officer they are responsible for the management of the organisation and for ensuring appropriate mechanisms are in place to support service delivery and continuity.
- 20.2 Records shall be managed and disposed of in accordance with the Trust's Records Management Policy, which adopts the retention periods set out in the Records Management: NHS Code of Practice Parts 1 & 2, published in March 2006. This is a guide to the standards of practice required in the management of NHS records, based on current legal requirements and professional best practice.
- 20.3 The guidance applies to all NHS records and contains details of the recommended minimum retention period for each record type.

21 RISK MANAGEMENT AND INSURANCE

21.1 Programme of Risk Management

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

The programme of risk management shall include:

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

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

21.2 Insurance: Risk Pooling Schemes administered by NHSLA

The Board shall decide if the Trust will insure through the risk pooling schemes administered by the NHS Litigation Authority or self insure for some or all of the risks covered by the risk pooling schemes. If 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

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

- a for insuring motor vehicles owned by the Trust including insuring third party liability arising from their use;
- b where the Trust is involved with a consortium in a Private Finance Initiative contract and the other consortium members require that commercial insurance arrangements are entered into; and
- c where income generation activities take place. Income generation activities should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by the Trust for a NHS purpose the activity may be covered in the risk pool. Confirmation of coverage in the risk pool must be obtained from the Litigation Authority.

In any case of doubt concerning a Trust's powers to enter into commercial insurance arrangements the Director of Finance should consult the Department of Health.

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 the NHS Litigation Authority the Director of Finance shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Director of

Finance shall ensure that documented procedures cover these arrangements.

- 21.4.2 Where the Board decides not to use the risk pooling schemes administered by the NHS Litigation Authority for one or other of the risks covered by the schemes, the Director of Finance shall ensure that the Board is informed of the nature and extent of the risks that are self insured as a result of this decision. The Director of Finance will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses that 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 Finance should ensure documented procedures also cover the management of claims and payments below the deductible in each case.

ANNEXES

ANNEX 1 Scheme of Reservation and Delegation