



DOCUMENT TITLE:	STANDING FINANCIAL INSTRUCTIONS
DOCUMENT NUMBER:	ELHT/F25 Version 4

DOCUMENT PURPOSE:	Identify the reservation and delegation of powers and standing financial instructions for the Trust.
TARGET AUDIENCE:	All Trust Personnel
DISTRIBUTION:	All Trust policy manuals and intranet
AUTHOR(S):	Associate Director of Corporate Governance/Company Secretary
EXECUTIVE DIRECTOR RESPONSIBLE:	Executive Director of Finance

DOCUMENT REPLACES	Version 3
POLICY COUNCIL:	N/A
AUTHORISED BY:	Proposal to authorise at Trust Board on 10 November 2021
NEXT REVIEW DATE:	March 2023

STANDING FINANCIAL INSTRUCTIONS

1. INTRODUCTION

1.1 General

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

1.2 Responsibilities and delegation

1.2.1 **The Trust Board**

The Board exercises financial supervision and control by:

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

1.2.2 The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the 'Reservation of Matters Reserved to the Board' document. All other powers have been delegated to such other committees as the Trust has established or individuals as indicated in the scheme of delegation or these Standing Financial Instructions.

1.2.3 **The Chief Executive and Executive Director of Finance**

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

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

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

1.2.5 **The Executive Director of Finance**

The Executive Director of Finance is responsible for:

- (a) implementing the Trust's financial policies and for coordinating any corrective action necessary to further these policies;
- (b) maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;

- (c) ensuring that sufficient records are maintained to show and explain the Trust's transactions, in order to disclose, with reasonable accuracy, the financial position of the Trust at anytime; and, without prejudice to any other functions of the Trust, and employees of the Trust, the duties of the Executive Director of Finance include:
- (d) the provision of financial advice to other members of the Board and employees;
- (e) the design, implementation and supervision of systems of internal financial control;
- (f) the preparation and maintenance of such accounts, certificates, estimates, records and reports as the Trust may require for the purpose of carrying out its statutory duties.

1.2.6 Board Members and Employees

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

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

1.2.7 Contractors and their employees

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

For all members of the Board and any employees who carry out a financial function, the form in which financial records are kept and the manner in which members of the Board and employees discharge their duties must be to the satisfaction of the Executive 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 which will provide an independent and objective view of internal control by:

- (a) overseeing Internal and External Audit services;
- (b) reviewing financial 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, 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;
 - (e) reviewing schedules of losses and compensations and making recommendations to the Board;
 - (f) Reviewing the arrangements in place to support the Assurance Framework process prepared on behalf of the Board and advising the Board accordingly.
 - (g) Review and approve corporate policies on behalf of the Board
- 2.1.2 Where the Audit Committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wishes to raise, the Chairman of the Audit Committee should raise the matter at a full meeting of the Board. Exceptionally, the matter may need to be referred to the Department of Health and Social Care (to the Executive Director of Finance in the first instance.)
- 2.1.3 It is the responsibility of the Executive 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.

2.2 **Executive Director of Finance**

- 2.2.1 The Executive Director of Finance is responsible for:
- (a) ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective Internal Audit function;
 - (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 the following reports are prepared for the consideration of the Audit Committee:
 - (i) an internal audit plan for the forthcoming year;
 - (ii) regular progress reports against that plan;
 - (iii) an internal audit annual report that must cover:
 - a clear opinion on the effectiveness of internal control in accordance with Public Sector Internal Audit Standards;

- details of any major internal financial control weaknesses discovered;
- progress on the implementation of internal audit recommendations; and
- progress against plan over the previous year;

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

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

2.3 **Role of Internal Audit**

2.3.1 Internal Audit will review, appraise and report upon:

- (a) the extent of compliance with, 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.

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 Executive Director of Finance must be notified immediately.

2.3.3 The Internal Audit Engagement Lead 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 Internal Audit Engagement Lead shall be accountable to the Executive Director of Finance. The reporting system for internal audit shall be agreed between the Executive Director of Finance, the Audit Committee and the Internal Audit Engagement Lead in the form of an Internal Audit Charter. 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 annually.

2.4 External Audit

2.4.1 The External Auditor is appointed by the Trust Board on the recommendation of the 'Auditor Panel', which is a sub-set of the Audit Committee. The Executive Director of Finance is responsible for ensuring the selection and appointment process is compliant with the audit framework established under the Local Audit and Accountability Act 2014 and that suitable contract management arrangements are in operation. The Audit Committee should review and monitor the external auditor's independence and objectivity.

2.5 Fraud and Corruption

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

2.5.2 The Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist (LCFS), as specified by the NHS Counter Fraud Manual and guidance NHS Counter Fraud Authority (NHSCFA).

2.5.3 The Local Counter Fraud Specialist shall report to the Trust Executive Director of Finance and shall work with staff in the NHSCFA.

2.5.4 The Local Counter Fraud Specialist will provide a written report quarterly to the Audit Committee, on counter fraud 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 and Social Care 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 and Social Care guidance on NHS security management.

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

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

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

MONITORING

3.1 Preparation and Approval of Plans and Budgets

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

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

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

- (a) be in accordance with the aims and objectives set out in the local delivery plan;
- (b) accord with activity and workforce plans;
- (c) be produced following discussion with appropriate budget holders;
- (d) be prepared within the limits of available funds;
- (e) identify potential risks.

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

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

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

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

3.2 Budgetary Delegation

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

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

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

total or virement limits set by the Board.

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

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

3.3 **Budgetary Control and Reporting**

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

(a) monthly financial reports to the Board in a form approved by the Board containing:

- (i) income and expenditure to date showing trends and forecast year-end position;
- (ii) balance sheet position showing movement from previous month and movement year to date

(iii) movements in working capital;

(iv) movements in cash and capital;

(v) capital project spend and projected outturn against plan;

(vi) explanations of any material variances from plan;

(vii) details of any corrective action where necessary and the Chief Executive's and/or Executive Director of Finance's view of whether such actions are sufficient to correct the situation;

(viii) Patient level information and costing system.

(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, activity and workforce 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) any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Board;

(b) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement;

(c) no permanent employees are appointed without the approval of the Chief Executive other than those provided for within the available resources and workforce establishment as approved by the Board.

3.3.3 The Chief Executive is responsible for identifying and implementing cost

improvements and income generation initiatives in accordance with the requirements of the ABP 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 1.2).

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 Executive Director of Finance, on behalf of the Trust, will ensure that the annual accounts and other prescribed financial returns are:

- (a) prepared and certified in accordance with the accounting requirements of the Department of Health and Social Care's Group Accounting Manual;
- (b) submitted to the Department of Health and Social Care and audited by the Trust external auditor in accordance with prescribed timetables;

4.2 The Trust will publish and present at a public meeting an annual report, prepared in accordance with the Department of Health and Social Care's Group Accounting Manual, and including the Trust's audited annual accounts.

5. BANK AND GBS ACCOUNTS

5.1 General

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

5.1.2 The Board shall approve the banking arrangements.

5.2 Bank and GBS Accounts

5.2.1 The Executive Director of Finance is responsible for:

- (a) bank accounts and GBS accounts;
- (b) establishing separate bank accounts for the Trust's non-exchequer funds;

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

5.3 Banking Procedures

- 5.3.1 The Executive Director of Finance will prepare detailed instructions on the operation of bank and GBS accounts which must include:
 - (a) the conditions under which each bank and GBS account is to be operated;
 - (b) those authorised to sign cheques or other orders drawn on the Trust's accounts.
- 5.3.2 The Executive Director of Finance must advise the Trust's bankers in writing of the conditions under which each account will be operated.

5.4 Tendering and Review

- 5.4.1 The Executive Director of Finance will review the commercial banking arrangements of the Trust at regular intervals to ensure they reflect best practice and represent best value for money by periodically seeking competitive tenders for the Trust's commercial banking business.
- 5.4.2 Competitive tenders should be sought at least every five years. The results of the tendering exercise should be reported to the Board. This review is not necessary for GBS accounts.

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

6.1 Income Systems

- 6.1.1 The Executive Director of Finance is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due.
- 6.1.2 The Executive Director of Finance is also responsible for the prompt banking of all monies received.

6.2 Fees and Charges

- 6.2.1 The Trust shall follow the advice in the NHS Operational Planning and Contracting guidance in setting prices for NHS service agreements.
- 6.2.2 The Executive Director of Finance is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of

Health and Social Care/ NHS England/Improvement 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 and Social Care's Commercial Sponsorship – Ethical standards in the NHS and the provisions of the Bribery Act 2010 shall be followed.

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

6.3 **Debt Recovery**

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

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

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

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

6.4.1 The Executive Director of Finance is responsible for:

(a) approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable;

(b) ordering and securely controlling any such stationery;

(c) the provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines;

(d) prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust.

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

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

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

7. TENDERING AND CONTRACTING PROCEDURE

- (i) The Trust's policy is to seek to maximise value for money in the procurement of goods and services whilst ensuring that operational requirements are fulfilled and statutory obligations met. Every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable.

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 the Standing Orders and the Standing Financial Instructions (except where the Suspension of Standing Orders is applied).

7.2 World Trade Organisation's (WTO) Government Procurement Agreement (GPA)

The WTO's GPA is a voluntary trade agreement that governs public procurement. Procurement in the UK post-Brexit followed rules set by OJEU; these rules will now shift to be in line with the GPA. The GPA includes both EU member states and non-EU states. It also outlines procurement principles, thresholds and rules that all those in agreement must adhere to. This agreement will allow the UK to have access to international public procurement.

7.3 Capital Investment Manual, NHSI and Department of Health and Social Care and Social Care capital investment guidance

The Trust shall comply as far as is practicable with the requirements of Capital regime, investment and property business case approval guidance for NHS providers issued by NHS Improvement and the Department of Health and Social Care and Social Care, "Capital Investment Manual" and Estate Code in respect of capital investment and estate and property transactions. In the case of management consultancy contracts the Trust shall comply as far as is practicable with the requirements of guidance issued by NHS Improvement on Consultancy spending approval criteria Department of Health guidance "The Procurement and Management of Consultants within the NHS".

7.4 Formal Competitive Tendering

7.4.1 Trust Officers will as a matter of course seek to use NHS or other Public Body Contracts. In cases where they are not available or are inappropriate for use the following rules by value apply. All values are for the total procurement value over the life of the goods/services.

7.4.2 Both quotations and tenders are formal requests from the Trust to potential suppliers

to provide prices/costs against a defined procurement.

7.4.3 Tenders representing a value greater than the GPA level and more complicated procurements will comprise a range of standard documentation as advised by the Department of Health and Social Care and Government.

7.4.4 In cases where the Trust, by prior agreement, uses another Public Body to undertake procurement then the Statutory Framework of that Body will apply to the procurement – the Trust having agreed and documented this in advance.

7.4.5 In cases where the Trust, by prior agreement, undertakes procurement on behalf of another Public Body the Trust's Statutory Framework will apply – all parties having agreed and documented this in advance.

7.5 **General Applicability**

7.5.1 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 DHSC);
- (c) For the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens); for disposals.

7.6 **Health Care Services**

7.6.1 Where the Trust elects to invite tenders for the supply of healthcare services these Standing Orders and Standing Financial Instructions shall apply as far as they are applicable to the tendering procedure and need to be read in conjunction with Standing Financial Instruction No. 16.

7.7 **Exceptions and instances where formal tendering need not be applied**

7.7.1 It should be noted that GPA applies at all times and cannot be waived. Trust Procurement will advise budget holders as to how compliance can be achieved.

7.7.2 Formal tendering procedures need not be applied where:

- (a) the estimated expenditure or income does not, or is not reasonably expected to, exceed **£35,000**;
- (b) where the supply is proposed under special arrangements negotiated by the DHSC in which event the said special arrangements must be complied with;
- (c) regarding disposals as set out in Standing Financial Instructions No. 16.13.

7.7.3 Formal 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;
- (c) where a government agreement is in place 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;
- (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) 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.
- (j) Where the pre-procurement estimate has been exceeded and would have required an alternative procurement route or has exceeded the estimate by more than 25%.

7.7.4 The Executive 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. All proposed waivers will be requested by means of the Trust approved formal Waiver Form and in line with the Trust's Scheme of Delegation.

7.7.5 Trust Procurement will consider all requests to waive tendering and quotation requirements as set out in these Standing Orders and Standing Financial Instructions based upon both the information presented and appropriate research. Approval will be granted or declined in the first instance by Trust Procurement and the form will then be submitted to the Executive Director of Finance. If either party declines the waiver request the Trust Procurement Officer will brief and advise the commissioning officer of the reason.

7.7.6 Where it is decided that competitive tendering is not applicable and should be waived, the fact of the waiver and the reasons should be documented and recorded in an

appropriate Trust record and reported to the Audit Committee on an annual basis

7.8 Fair and Adequate Competition

7.8.1 Except where the exceptions set out in SFI No. 7.7 apply, the Trust shall ensure that invitations to tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and in no case less than three firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.

7.9 List of Approved Firms

7.9.1 The Trust shall ensure that the firms/individuals invited to tender (and where appropriate, quote) are among those on approved lists. Where in the opinion of the Executive Director of Finance it is desirable to seek tenders from firms not on the approved lists, the reason shall be recorded in writing to the Chief Executive (see SFI 7.20 List of Approved Firms).

7.10 Building and Engineering Construction Works

7.10.1 Competitive Tendering cannot be waived for building and engineering construction works and maintenance (other than in accordance with GPA, Procure21+/- Procure22 and Private Finance Initiatives) without Department of Health and Social Care approval.

7.11 Items which subsequently breach thresholds after original approval

7.11.1 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 via a waiver to the Executive Director of Finance, and be recorded in an appropriate Trust record.

7.12 Contracting/Tendering Procedure

7.12.1 Trust Procurement will support budget holders in sourcing and identifying potential suppliers. Sources of potential suppliers will include but not be limited to:

- (a) Via posting on the Government website and per the Public Contracts Regulations 2015 contracts finder
- (b) NHS or other Public Body Contractors
- (c) Respondents to Notices placed on Find a Tender
- (d) Respondents to Notices placed in appropriate Journals
- (e) Those advised by Trust Officers based upon their operational and technical knowledge

7.12.2 A pre-selection process will usually be undertaken including, where appropriate,

indicative costing methodologies.

7.12.3 In the case of hard copy paper tenders, a list of the suppliers invited to submit a tender will be provided for the Executive Director of Finance's office and include the tender reference and the closing date and time for receipt of tenders.

7.12.4 Tender documents will be issued according to one of three methods the following method:

(a) Electronically via the Trust Tender Management (TM) system.

This involves giving Tenderers electronic access to Tender Documents and their return electronically. The Trust may also elect to utilise the Electronic Auction option as part of this method which involves facilitating an online reverse auction where against an agreed range of products/ services tenderers submit prices within a timescale with an expectation that suppliers submitting the lowest prices will achieve the highest score for the pricing elements of the Tender. The trust may also invite non price Tender submissions in addition to the Electronic Auction.

Electronic Auctions will be operated in accordance with the protocols of the TM System provider and the Trust Procurement/E-Commerce Department.

(b) Electronically from an approved Trust Officer email address.

This involves the electronic dissemination of the Tender Documents to the Executive Director of Finance's office and includes the tender reference and the closing date and time for receipt of tenders.

(c) By paper hard copy.

This involves the posting of paper hard copy Tender Documents and the return of the paper hard copy. All invitations to tender shall state the date and time as being the latest time for receipt of tenders. All invitations to tender shall state that no paper hard copy tender will be accepted unless:

- (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) that tender envelopes/ packages shall not bear any names or marks indicating the sender. The use of courier/postal services must not identify the sender on the envelope or on any receipt so required by the deliverer.
- (iii) Every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable.
- (iv) Every tender for building or engineering works (except for maintenance work, when Estmancode guidance shall be followed) shall embody or be in the terms of the

current edition of one of the Joint Contracts Tribunal Standard Forms of Building Contract or Department of the Environment (GC/Wks) Standard forms of contract amended to comply with GPA, Procure21+/Procure22 and Private Finance Initiatives; or, when the content of the work is primarily engineering, the General Conditions of Contract recommended by the Institution of Mechanical and Electrical Engineers and the Association of Consulting Engineers (Form A), or (in the case of civil engineering work) the General Conditions of Contract recommended by the Institute of Civil Engineers, the Association of Consulting Engineers and the Federation of Civil Engineering Contractors. These documents shall be modified and/or amplified to accord with Department of Health and Social Care guidance and, in minor respects, to cover special features of individual projects.

7.13 Receipt and safe custody of paper hard copy and tenders issued electronically from an approved Trust Officer's email address

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

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

7.14 Opening tenders and Register of tenders

7.14.1 Tenders issued electronically via the TM System should be submitted and opened in accordance with the TM System protocols. These protocols having been agreed with the system provider and having been approved by the Trust's Internal Audit System prior to implementation. The Tenders will remain within the TM System under a password controlled and time locked secure electronic environment.

7.14.2 Tenders issued electronically from an approved Trust Officer email address must be returned addressed to the Executive Director of Finance or delegated officer and submitted in accordance with the notified tender deadline.

7.15 Tenders issued by paper hard copy should be opened:

(a) As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened by two senior officers/managers designated by the Chief Executive and not from the originating department.

(b) A member of the Trust Board will be required to be one of the two approved persons present for the opening of tenders. The rules relating to the opening of tenders will

need to be read in conjunction with any delegated authority set out in the Trust's Scheme of Delegation.

- (c) The 'originating' Department will be taken to mean the Department sponsoring or commissioning the tender.
- (d) The involvement of Finance Directorate staff in the preparation of a tender proposal will not preclude the Executive Director of Finance or any approved Senior Manager from the Finance Directorate from serving as one of the two senior managers to open tenders.
- (e) All Executive Directors/members will be authorised to open tenders regardless of whether they are from the originating department provided that the other authorised person opening the tenders with them is not from the originating department.
- (f) The Trust's Company Secretary will count as a Director for the purposes of opening tenders.
- (g) Every tender received shall be marked with the date of opening and initialled by those present at the opening.
- (h) A register shall be maintained by the Chief Executive, or a person authorised by him, to show for each set of competitive tender invitations dispatched:
 - (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.
 - (vii) A note shall be made in the register if any one tender price has had so many alterations that it cannot be readily read or understood.
- (i) Incomplete tenders, i.e. those from which information necessary for the adjudication of the tender is missing, and amended tenders i.e., those amended by the tenderer upon his own initiative either orally or in writing after the due time for receipt, but prior to the opening of other tenders, should be dealt with in the same way as late tenders.

7.16 Admissibility

7.16.1 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 or Executive Director of Finance.

7.16.2 Where only one tender is sought and/or received, the Chief Executive and Executive

Director of Finance shall, as far practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for the Trust.

7.17 Late Tenders

- 7.17.1 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 exceptional circumstances i.e. dispatched in good time but delayed through no fault of the tenderer.
- 17.17.2 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.
- 17.17.3 While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential, recorded, and held in safe custody by the Chief Executive or his nominated officer.
- 17.17.4 The TM System will require the Trust's authorised Officers to approve the opening of Tenders received past the Tender Return date – until this is agreed they will be stored securely online

7.18 Acceptance of formal tenders

- 7.18.1 The Tender Document will normally state that the awarded is to be based on the most economically advantageous bid. This will normally include full life cycle costs.
- 7.18.2 In cases where the GPA Thresholds apply, the Award Criteria must be included in either the Notice on Find a Tender or in the Tender.
- 7.18.3 Contract Award criteria are agreed by Trust Officers as part of the procurement process. In projects of significant value/risk this will include budget holders, finance staff and procurement officers along with any other appropriate Trust Officers.
- (a) The procurement process must allow sufficient time for pre- offer (tender) engagement with potential suppliers including the application of indicative pricing methodologies. These will be conducted in accordance with Department of Health and Social Care / Government Guidance. Post tender negotiation /pre contract negotiation is not permitted within the GPA tendering process. In exceptional cases at the discretion of Trust Procurement it may be undertaken for below GPA threshold tendering exercises. 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. These clarifications will be conducted in accordance with Department of Health and Social Care/ Office of

Government Commerce Crown Commercial Services/Cabinet Office Guidance.

- (b) The lowest tender, if payment is to be made by the Trust, or the highest, if payment is to be received by the Trust, shall be accepted unless there are good and sufficient reasons to the contrary. Such reasons shall be set out in either the contract file, or other appropriate record. The Trust will award all tenders on the basis of the most economically advantageous tender taking into account both cost and quality measures.
- (c) It is accepted that for professional services such as management consultancy, the lowest price does not always represent the best value for money. Other factors affecting the success of a project include:
 - (i) experience and qualifications of team members;
 - (ii) understanding of client's needs;
 - (iii) feasibility and credibility of proposed approach;
 - (iv) ability to complete the project on time.
 - (v) Where other factors are taken into account in selecting a tenderer, these factors and their weighting in the award process must be clearly recorded and documented in the contract file, and the reason(s) for not accepting the lowest tender clearly stated.
 - (vi) 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.
 - (vii) The use of these procedures must demonstrate that the award of the contract was:
 - (viii) not in excess of the going market rate / price current at the time the contract was awarded;
 - (ix) that best value for money was achieved.

7.18.4 All tenders should be treated as confidential and should be retained for inspection.

7.18.5 All tender awards need to be posted on the contracts finder website as per the Public Contracts Regulations 2015.

7.19 Tender reports to the Trust Board

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

7.20 List of approved firms

7.20.1 Responsibility for maintaining list

A manager nominated by the Chief Executive shall on behalf of the Trust maintain lists of approved firms from who tenders and quotations may be invited. These shall be

kept under frequent review. The lists shall include all firms who have applied for permission to tender and as to whose technical and financial competence the Trust is satisfied. All suppliers must be made aware of the Trust's terms and conditions of contract.

7.20.2 Building and Engineering Construction Works

- (a) Invitations to tender shall be made only to firms included on the approved list of tenderers compiled in accordance with this Instruction or on the separate maintenance lists compiled in accordance with Estmancode guidance (Health Notice HN(78)147).
- (b) Firms included on the approved list of tenderers shall ensure that when engaging, training, promoting or dismissing employees or in any conditions of employment, shall not discriminate against any person because of colour, race, ethnic or national origins, religion or sex, and will comply with the provisions of the Equal Pay Act 1970, the Sex Discrimination Act 1975, the Race Relations Act 1976, and the Disabled Persons (Employment) Act 1944 and any amending and/or related legislation.
- (c) Firms shall conform at least with the requirements of the Health and Safety at Work Act and any amending and/or other related legislation concerned with the health, safety and welfare of workers and other persons, and to any relevant British Standard Code of Practice issued by the British Standard Institution. Firms must provide to the appropriate manager a copy of its safety policy and evidence of the safety of plant and equipment, when requested.

7.20.3 Financial Standing and Technical Competence of Contractors

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

7.21 Exceptions to using approved contractors

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

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

7.22 Quotations: Competitive and non-competitive

7.22.1 General Position on quotations

Quotations are required where formal tendering procedures are not adopted and where the intended expenditure or income exceeds, or is reasonably expected to exceed £10,000 but not exceed £30,000.

7.22.2 Competitive Quotations

Quotations should be obtained from at least 3 firms/individuals based on specifications or terms of reference prepared by, or on behalf of, the Trust.

Quotations should be in writing unless the Chief Executive or his nominated officer determines that it is impractical to do so in which case quotations may be obtained by telephone. Quotations will usually comprise a single document.

Confirmation of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record.

All quotations should be treated as confidential and should be retained for inspection.

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.

7.22.3 Non-Competitive Quotations

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

7.22.4 Quotations to be within Financial Limits

7.22.4.1 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 Executive Director of Finance.

7.23 Authorisation of Tenders and Competitive Quotations

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

Designated budget holders	up to	£25,000
Divisional Directors of Operations	up to	£75,000
Executive Directors	up to	£250,000
Executive Director of Finance	up to	£500,000
Deputy Chief Executive	up to	£500,000
Chief Executive	up to	£1,000,000
Trust Board	over	£1,000,000

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

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

7.24 Instances where formal competitive tendering or competitive quotation is not required (Referred to elsewhere in document)

- (a) The Trust shall use the NHS Logistics Supply Chain for procurement of all goods and services unless the Chief Executive or nominated officers deem it inappropriate. The decision to use alternative sources must be documented. Where it has been deemed inappropriate to utilise NHS Supply Chain approval should be sought from Trust Procurement in the first instance and then the Executive Director of Finance.
- (b) If the Trust does not use the NHS Supply Chain - where tenders or quotations are not required, because expenditure is below £15,000, the Trust shall procure goods and services in accordance with procurement procedures approved by the Executive Director of Finance.

7.25 Private Finance for capital procurement

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

- (a) The Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.
- (b) Where the sum exceeds delegated limits, a business case must be referred to the appropriate Department of Health and Social Care 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.

7.26 Compliance requirements for all contracts

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

- (a) The Trust's Standing Orders and Standing Financial Instructions;
- (b) EU Directives and other statutory provisions;
- (c) any relevant directions including the Capital Investment Manual, Estate Code, Capital regime, investment and property business case approval guidance for NHS providers and guidance on the Procurement and Management of Consultants;
- (d) such of the NHS Standard Contract Conditions as are applicable.
- (e) contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance.
- (f) Where appropriate contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited.
- (g) In all contracts made by the Trust, the Board shall endeavour to obtain best value for money by use of all systems in place. The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Trust.

7.27 Personnel and Agency or Temporary Staff Contracts

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

7.28 Disposals

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

- (a) any matter in respect of which a fair price can be obtained only by negotiation or

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

7.29 In-house Services

- 7.29.1 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.
- 7.29.2 In all cases where the Board determines that in-house services should be subject to competitive tendering the following groups shall be set up:
- (a) Specification group, comprising the Chief Executive or nominated officer/s and specialist.
 - (b) In-house tender group, comprising a nominee of the Chief Executive and technical support.
 - (c) Evaluation team, comprising normally a specialist officer, a supplies officer and a Executive Director of Finance representative. For services having a likely annual expenditure exceeding £500,000, a Non-Executive member of the Board should be a member of the evaluation team.
- 7.29.3 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.
- 7.29.4 The evaluation team shall make recommendations to the Board.
- 7.29.5 The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the Trust.

7.32 Applicability of SFIs on Tendering and Contracting to funds held in trust

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

8 NHS SERVICE AGREEMENTS FOR PROVISION OF SERVICES

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 (SLA) with service commissioners for the provision of NHS services.

8.1.2 All SLAs should aim to implement the agreed priorities contained within the Annual Business Plan (ABP) 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 standards of service quality expected;
- (b) the relevant national service framework (if any);
- (c) the provision of reliable information on cost and volume of services;
- (d) the NHS National Performance Assessment Framework;
- (e) that SLAs build where appropriate on existing Joint Investment Plans;
- (f) that SLAs are based on integrated care pathways.

8.2 Involving Partners and jointly managing risk

8.2.1 A good SLA will result from a dialogue of clinicians, service users, carers, public health professionals and non-clinical staff. 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 Board on SLAs

8.3.1 The Chief Executive, as the Accountable Officer, will need to ensure that regular reports are provided to the Board detailing actual and forecast income from the SLA. This will include information on costing arrangements, which increasingly should be based upon Healthcare Resource Groups (HRGs). Where HRGs are unavailable for specific services; all parties should agree a common currency for 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 Committee

- 9.1.1 In accordance with Standing Orders the Board shall establish a Remuneration Committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting. (See NHS guidance contained in the Higgsreport.) The Committee will:
- (a) agree the appropriate remuneration and terms of service for the Chief Executive and Executive Directors 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) Advise the Board of the remuneration and terms of service of the Executive Directors 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 the performance of individual Executive Directors via the annual appraisal report of the Chief Executive for the Non-Executive Directors and the Chairman's appraisal report for the Chief Executive.
 - (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.
 - (e) Carry out duties under the Trust's Fit and Proper Person Test Policy;
- 9.1.2 The Remuneration Committee and Non-Executive Directors will be involved in the recruitment of Executive Directors through focus groups that form part of the selection process.
- 9.1.3 The Committee shall report in writing to the Board. The Board shall remain accountable for taking decisions on the remuneration and terms of service of Executive Directors. Minutes of the Remuneration Committee meetings should record such decisions.
- 9.1.4 The Remuneration Committee will receive a report by the Chief Executive on the remuneration and conditions of service for those employees who are not Executive Directors or employed under the terms of Agenda for Change.
- 9.1.5 Where there are joint Executive Director posts with other NHS organisations, there will be, once per year, a joint meeting of the Remuneration Committees of each organisation to discuss and agree the remuneration of any and all joint Executive Director posts.
- 9.1.6 The Trust will pay allowances to the Chairman and Non-Executive Directors (including Associate Non-Executive Directors) of the Board in accordance with instructions issued

by the Secretary of State for Health and Social Care.

9.2 Funded Establishment

- 9.2.1 The workforce plans incorporated within the annual budget will form the funded establishment.
- 9.2.2 The funded establishment of any department may not be varied without the approval of the Chief Executive.

9.3 Staff Appointments

- 9.3.1 No officer or Member of the Trust Board or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration:
 - (a) unless authorised to do so by the Chief Executive;
 - (b) Within the limit of their approved budget and funded establishment.
- 9.3.2 The Board will approve procedures presented by the Chief Executive for the determination of commencing pay rates, condition of service, etc., for employees. Except with the prior personal permission of the Chief Executive, no agency staff shall be employed at rates in excess of those advised by NHSEI.
- 9.3.3 Where the Trust is planning to engage with an agency to facilitate with the recruitment of staff; a copy of the proposed contract must be reviewed by the Head of Procurement prior to commitment. Any deviation from the following standard must be approved by the Executive Director of Finance due to financial risk:
 - (a) 100% rebate if the worker leaves within 4 weeks
 - (b) 80% rebate if the worker leaves between 4 and 12 weeks
 - (c) 75% rebate if the worker leaves between 12 and 26 weeks
 - (d) 50% rebate if the worker leaves between 26 and 52 weeks

An official order must be raised once contractual arrangements have been agreed.

9.4 Processing Payroll

- 9.4.1 The Executive Director of Finance is responsible for:
 - (a) specifying timetables for submission of properly authorised time records and other notifications;
 - (b) the final determination of pay and allowances;

- (c) making payment on agreed dates;
- (d) agreeing method of payment.

9.4.2 The Executive Director of Finance will issue instructions regarding:

- (a) verification and documentation of data;
- (b) the timetable for receipt and preparation of payroll data and the payment of employees and allowances;
- (c) maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
- (d) security and confidentiality of payroll information;
- (e) checks to be applied to completed payroll before and after payment;
- (f) authority to release payroll data under the provisions of the Data Protection Act;
- (g) methods of payment available to various categories of employee and officers;
- (h) procedures for payment by cheque, bank credit, or cash to employees and officers;
- (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;
- (m) a system to ensure the recovery from those leaving the employment of the Trust of sums of money and property due by them to the Trust.

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 Executive Director of Finance's instructions and in the form prescribed by the Executive Director of Finance;
- (c) submitting termination forms in the prescribed form immediately upon knowing the effective date of an employees or officer's resignation, termination or retirement. Where an employee fails to report for duty or to fulfil obligations in circumstances that suggest they have left without notice, the Executive Director of Finance must be informed immediately.

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

9.5 Contracts of Employment

9.5.1 The Board shall delegate responsibility to an officer for:

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

10 NON-PAY EXPENDITURE

10.1 Delegation of Authority

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

10.1.2 The Chief Executive will set out:

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

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 Lancashire Procurement Cluster (Hosted Service) shall be sought. Where this advice is not acceptable to the requisitioner; the Executive Director of Finance (and/or the Chief Executive) shall be consulted.

10.2.2 System of Payment and Payment Verification

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

10.2.3 The Executive Director of Finance will:

- (a) advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in Standing Orders and Standing Financial Instructions and regularly reviewed;
- (b) prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds;

- (c) be responsible for the prompt payment of all properly authorised accounts and claims;
- (d) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
- (i) A list of Board employees (including specimens of their signatures) authorised to certify invoices.
 - (ii) Certification that:
 - goods have been duly received, examined and are in accordance with specification and the prices are correct;
 - work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
 - in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;
 - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
 - the account is arithmetically correct;
 - the account is in order for payment.
 - (iii) A timetable and system for submission to the Executive 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.
- (e) be responsible for ensuring that payment for goods and services is only made once the goods and services are received. The only exceptions are set out in SFI No. 10.2.4 below.

10.2.4 Prepayments

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

- (a) Prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to NPV using the National Loans Fund (NLF) rate plus 3.5%).
- (b) The appropriate officer must provide, in the form of a written report, a case setting

out all relevant circumstances of the purchase. The report must set out the effects on the Trust if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments;

- (c) The Executive Director of Finance will need to be satisfied with the proposed arrangements before contractual arrangements proceed;
- (d) The budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate Director or Chief Executive if problems are encountered.

10.2.5 Official orders must:

- (a) be in a form approved by the Executive Director of Finance;
- (b) be in a form approved by the Executive Director of Finance and Head of Procurement, which state Terms and Conditions compliant with the Trust's statutory obligations
- (c) be authorised, in line with the Scheme of Delegation, prior to committing expenditure on goods or services

10.2.6 Duties of Managers and Officers

10.2.6.1 Managers and officers must ensure that they comply fully with the Lancashire Procurement Cluster Procurement Policy, guidance and limits specified by the Executive Director of Finance in advance of any commitment and that:

- (a) all contracts (except as otherwise provided for in the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Executive Director of Finance in advance of any commitment being made;
- (b) contracts above specified thresholds are advertised and awarded in accordance with GPA 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 and Social Care;
- (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 Orders 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 Executive Director of Finance on behalf of the Chief Executive;
- (f) all goods, services, or works are ordered on an official order except works and services included on the exemption list detailed in the Procurement Policy and purchases from petty cash,
- (g) verbal orders must only be issued very exceptionally - by an employee designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "Confirmation Order" issued via the Lancashire Procurement Cluster department
- (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) Any equipment on loan or trial to the Trust and/or on Trust property must be notified to the Executive Director of Finance, Head of Procurement and Medical Equipment Services Department; together with any conditions attached to the loan of that equipment.
- (k) changes to the list of employees and officers authorised to certify invoices are notified to the Executive Director of Finance;
- (l) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Executive Director of Finance;
- (m) petty cash records are maintained in a form as determined by the Executive Director of Finance.
- (n) all attempts to bribe or otherwise induce members of staff to procure products or services from a particular supplier are reported immediately to the Executive Director of Finance.

10.2.6.2 The Chief Executive and Executive Director of Finance shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within GPA regulations, Procure21+/Procure22, Private Finance Initiative and Estate Code. The technical audit of these contracts shall be the responsibility of the relevant Director.

Under no circumstances should goods or services be ordered through the Trust for personal or private use.

The Head of Procurement shall ensure that;

- (a) a register of all waivers of tender is maintained
- (b) all waivers of tender are reported to the Finance & Performance Committee

11 Joint Finance Arrangements with Local Authorities and Voluntary Bodies

11.1 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 Executive Director of Finance which shall be in accordance with these Acts.

12 REVENUE AND CAPITAL SUPPORT

12.1.1 The Executive Director of Finance will advise the Board concerning the Trust's ability to pay dividend on, and repay Public Dividend Capital (PDC) and any proposed new capital support, within the limits set by the Department of Health and Social Care. The Executive Director of Finance is also responsible for reporting periodically to the Board concerning the level of PDC held and all loans and overdrafts.

12.1.2 The Board will agree the list of employees (including specimens of their signatures) who are authorised to make applications for revenue and capital support on behalf of the Trust. This must include the Chief Executive and the Executive Director of Finance.

12.1.3 The Executive Director of Finance must prepare detailed procedural instructions concerning applications for revenue support and overdrafts.

12.1.4 All applications for revenue support must be approved by the Trust Board and should be consistent with the overall cash flow position and comply with the latest guidance from the Department of Health and Social Care.

12.1.5 The Board must be made aware of all applications for capital support at the next Board meeting.

12.2 INVESTMENTS

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

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

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

13 FINANCIAL FRAMEWORK

13.1 The Executive Director of Finance should ensure that members of the Board are aware

of the Financial Framework. This document contains directions which the Trust must follow. The Executive Director of Finance should also ensure that the direction and guidance in the framework is followed by the Trust.

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

14.1 Capital Investment

14.1.1 The Chief Executive:

- (a) shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon business plans;
- (b) is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;
- (c) shall ensure that the capital investment is not undertaken without the availability of resources to finance all revenue consequences, including capital charges.
- (d) Shall ensure that for every capital expenditure proposal that a business case (in line with Capital regime, investment and property business case approval guidance for NHS providers) is produced setting out:
 - (i) an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
 - (ii) the involvement of appropriate Trust personnel and external agencies;
 - (iii) appropriate project management and control arrangements;
- (e) that the Executive Director of Finance has certified professionally to the costs and revenue consequences detailed in the business case.
- (f) For capital schemes where the contracts stipulate staged payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of the Estate Code.

14.1.2 The Executive Director of Finance:

- (a) shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with HMRC guidance.
- (b) shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.

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

14.1.4 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);

(c) approval to accept a successful tender (see overlap with SFI No. 7.20).

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

14.1.6 The Executive 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.

14.2 **Private Finance**

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

(a) The Executive Director of Finance shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.

(b) Where the sum involved exceeds delegated limits, the business case must be referred to the Department of Health and Social Care or in line with any current guidelines.

(c) The proposal must be specifically agreed by the Board.

14.3 **Asset Registers**

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

14.3.2 The Trust shall maintain an asset register for capital accounting purposes, which records:

- Asset identification and description
- Asset location
- Date of acquisition
- Method of acquisition
- Initial capital expenditure
- Gross replacement cost (for equipment)
- Depreciated replacement cost (for buildings)
- Cumulative depreciation charged (including buildings since date of acquisition or

revaluation)

- Indexation adjustments
- Revaluation adjustments
- Impairments
- Assessed life

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

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

14.3.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).

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

14.3.6 Each asset is to be appropriately valued in accordance with agreed accounting policies

14.3.7 The Executive Director of Finance of the Trust shall calculate and pay capital charges as specified by the Department of Health and Social Care.

14.4 **Security of Assets**

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

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

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

14.4.2 All discrepancies revealed by verification of physical assets to fixed asset register shall

be notified to the Executive Director of Finance.

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

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

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

15 STORES AND RECEIPT OF GOODS

15.1 General position

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

(a) kept to a minimum;

(b) subjected to annual stock take or agreed cycle count system;

valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method

15.2 Control of Stores, Stocktaking, condemnations and disposal

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

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

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

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

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

15.2.6 The designated Manager/Pharmaceutical Officer shall be responsible for a system approved by the Executive Director of Finance for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Executive Director of Finance any evidence of significant overstocking and of any negligence or malpractice (see also overlap with SFI No. 16 Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

15.3 Goods supplied by NHS Supply Chain

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

16 DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

16.1 Disposals and Condemnations

16.1.1 Procedures

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

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

16.1.1.3 All unserviceable articles shall be:

(a) condemned or otherwise disposed of by an employee authorised for that purpose by the Executive Director of Finance;

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

16.1.1.4 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 Executive Director of Finance who will take the appropriate action.

16.2 Losses and Special Payments

16.2.1 Procedures

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

16.2.1.2 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 Executive Director of Finance or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Executive Director of Finance and/or Chief Executive. Where a criminal offence is suspected, the Executive Director of Finance must immediately inform the police if theft or arson is involved. In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the Executive Director of Finance must inform the LCFS and NHSCFA team in accordance with Secretary of State for Health and Social Care's Directions.

16.2.1.3 The Executive Director of Finance must also notify the External Auditor of all frauds.

16.2.1.4 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Executive Director of Finance must immediately notify:

- (a) the Audit Committee,
- (b) the External Auditor
- (c) in the event of theft or arson, the police.

16.2.1.5 The Executive Director of Finance shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations. For any loss, the Executive Director of Finance should consider whether any insurance claim can be made.

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

16.2.1.7 No special payments exceeding delegated limits shall be made without the prior approval of the Department of Health and Social Care.

16.2.1.8 All losses and special payments must be reported to the Audit Committee on an annual basis

17 INFORMATION TECHNOLOGY

17.1 Responsibilities and duties of the Executive Director of Finance

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

- (a) devise and implement any necessary procedures to ensure adequate

(reasonable) protection of the Trust's data, programs and computer hardware for which the Director is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 2015;

- (b) ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;
- (c) ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
- (d) ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as the Director may consider necessary are being carried out.

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

17.1.3 The Head of Information Governance shall publish and maintain a Freedom of Information (FOI) Publication Scheme, or adopt a model Publication Scheme approved by the Information Commissioner.

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

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

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

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

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

The contract should also ensure rights of access for audit purposes.

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

17.4 **Risk Assessment**

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

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

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

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

18 **PATIENTS' PROPERTY**

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

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

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

18.3 The Executive Director of Finance must provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients'

property (including instructions on the disposal of the property of deceased patients and of patients transferred to other premises) for all staff whose duty is to administer, in any way, the property of patients. Due care should be exercised in the management of a patient's money in order to maximise the benefits to the patient.

- 18.4 Where Department of Health and Social Care instructions require the opening of separate accounts for patients' moneys, these shall be opened and operated under arrangements agreed by the Executive Director of Finance.
- 18.5 In all cases where property of a deceased patient is of a total value in excess of £5,000 (or such other amount as may be prescribed by any amendment to the Administration of Estates, Small Payments, Act 1965), the production of Probate or Letters of Administration shall be required before any of the property is released. Where the total value of property is £5,000 or less, forms of indemnity shall be obtained.
- 18.6 Staff should be informed, on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.
- 18.7 Where patients' property or income is received for specific purposes and held for safekeeping the property or income shall be used only for that purpose, unless any variation is approved by the donor or patient in writing.

19 **FUNDS HELD ON TRUST**

19.1 **Corporate Trustee**

19.1.1 Standing Order No. 2.6 outlines the Trust's responsibilities as a corporate trustee for the management of funds it holds on trust. For further information in relation to the requirements in relation to Charitable Funds please see the Standing Orders and Standing Financial Instructions for Charitable Funds.

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

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

19.2 **Accountability to Charity Commission and Secretary of State for Health and Social Care**

19.2.1 The trustee responsibilities must be discharged separately and full recognition given

to the Trust's dual accountabilities to the Charity Commission for charitable funds held on trust and to the Secretary of State for all funds held on trust.

19.2.2 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.

19.2.3 Applicability of Standing Financial Instructions to funds held on Trust

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

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

20 ACCEPTANCE OF GIFTS BY STAFF AND LINK TO STANDARDS OF CONDUCT (see overlap with Standing Orders)

20.1 The Executive Director of Finance and Associate Director of Corporate Governance/Company Secretary shall ensure that all staff are made aware of the Trust policy on acceptance of gifts and other benefits in kind by staff. This policy follows the guidance contained in the Department of Health and Social Care circular HSG (93) 5 'Standards of Business Conduct for NHS Staff' and the NHS England Managing Conflicts of Interest guidance published in June 2017 (<https://www.england.nhs.uk/wp-content/uploads/2017/02/guidance-managing-conflicts-of-interest-nhs.pdf>) and is also deemed to be an integral part of the Standing Orders and the Standing Financial Instructions.

21 RETENTION OF RECORDS

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

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

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

22 RISK MANAGEMENT AND INSURANCE

22.1 Programme of Risk Management

22.1.1 The Chief Executive shall ensure that the Trust has a programme of risk

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

The programme of risk management shall include:

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

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

22.2 **Insurance: Risk Pooling Schemes administered by NHS Resolution**

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

22.3 **Insurance arrangements with commercial insurers**

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

- (a) Trust's may enter commercial arrangements for **insuring motor vehicles** owned by the Trust including insuring third party liability arising from their use;
- (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 NHS Resolution. In any case of doubt concerning a Trust's powers to enter into commercial insurance arrangements the Finance Director should consult the Department of Health and Social Care.

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

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

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

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

22.5 HOSTED BODIES, PARTNERSHIPS AND COLLABORATIONS

22.5.1 Hosted bodies are organisations for which ELHT provide services under a service level agreement (SLA). ELHT also works in partnership and collaboration with other organisations under service level agreements, memoranda of understanding or similar documents.

22.5.2 Dependent on the terms of the SLA, memorandum of understanding or equivalent, these standing financial instructions may or may not be applicable. Individual SLAs, memorandum of understanding or equivalent should be referred to on a case by case basis.

DETAILED SCHEME OF DELEGATION

Delegated matters in respect of decisions, which may have a far-reaching effect, must be reported to the Chief Executive. The delegation shown below is the lowest level to which authority is delegated. Delegation to lower levels is only permitted with written approval of the Chief Executive who will, before authorising such delegation, consult with other Senior officers as appropriate. All items concerning Finance must be carried out with Standing Financial Instructions and Standing Orders.

	Delegated Matter	Authority Delegated To
1	Responsibility of keeping expenditure within budgets	
	At individual budget level (pay and non-pay)	Budget holder
	At service level	Divisional Directors of Operations or service managers
	For all other areas	Departmental Directors and Managers
2	Maintenance/Operation of bank accounts	Executive Director of Finance
3	Non-pay revenue requisitioning/ordering/receipting of goods and services. Budgets are spent consistent with their purpose	Budget holders
	Non-Pay Expenditure for which no specific budget has been set up and which is not subject to funding under delegated powers of virement	Chief Executive or Executive Director of Finance
	Orders exceeding 12 month period	Executive Director of Finance, Divisional Director of Operations, Departmental Directors
	All contracts for goods and services and subsequent variations to contracts	Executive Director of Finance, Divisional Director of Operations, Departmental Directors
4	Capital schemes	
	Selection of architects, quantity surveyors, consultant engineer and other professional advisors within WTO GPA	Executive Director of Finance
	Financial monitoring and reporting on all capital scheme expenditure	Executive Director of Finance

	Quotation, Tendering and Contract Procedures	
	<i>All contracts prior to signing must be approved by Lancashire Procurement Cluster</i>	
5	A minimum of 1 quote retained by the requisitioner to establish best value for goods/ services/works up to £10,000	Head of Procurement or delegated officer
	A minimum of 3 written quotes retained by the requisitioner to establish value for money for goods/ services/works from £10,000 to £30,000	Head of Procurement or delegated officer
	Sourcing options to be agreed with Procurement and compliance with SFIs for expenditure over £30,000	Head of Procurement or Executive Director of Finance or Chief Executive
	All contracts over the value of £25,000 should be advertised accordingly on the Contracts Finder utilised for tenders	Head of Procurement or delegated officer
	Setting of Fees and Charges	
6	Private patients, overseas visitors, income generation & other patient related services	Executive Director of Finance
	Charges for all NHS service level agreements and non-NHS services	Executive Director of Finance
	Engagement of staff not on the establishment	Chief Executive or Executive Director of Finance
7	Engagement of Trust solicitors	Executive Director of Finance, Director of HR and OD, Associate Director of Quality and Safety
	Booking of bank or agency staff	Director of HR and OD
	· Medical locums	Director of HR and OD
	· Nursing	Director of HR and OD
	· Clerical	Director of HR and OD
	Expenditure on charitable and endowment funds	
8	Up to £3,000 per request	Fund holder
	From £3,001 - £10,000 per request	Fund holder plus Executive Director of Finance
	Over £10,000 per request	Three members of the Trust Board, one Executive Director who is a member of the Charitable Funds committee, one being the Executive Director of Finance, plus the Charitable Funds Chairman.

9	Agreements/ Licenses	Facilities Manager
	Preparation and signature of all tenancy agreements/licences for staff subject to Trust policy on accommodation for staff Extension to existing leases	Executive Director of Finance or Director of Estates
	Letting of premises to outside organisations	Executive Director of Finance or Director of Estates or Chief Executive
	Approval of rent based on professional assessment	Executive Director of Finance
10	Condemning and Disposals	
	<i>Items obsolete, obsolescent, irreparable or cannot be repaired cost effectively</i>	
	With current/ estimated purchase less than £50	Budget holder
	With current purchase new price greater than £50	Divisional Directors of Operations or service managers
	Disposal of x-ray films (subject to estimated income of less than £1,000 per sale)	Service Manager – Radiology Service Manager
	Disposal of x-ray films (subject to estimated income exceeding £1,000 per sale)	Service Manager – Radiology Service Manager
	Disposal of mechanical and engineering plant (subject to estimated income of less than £3,000 per sale)	Executive Director of Finance or Director of Estates
Disposal of mechanical and engineering plant (subject to estimated income exceeding £3,000 per sale)	Executive Director of Finance or Director of Estates	

11	Losses, Write Off and Compensation	
	Losses and cash due to theft, fraud, overpayment and others up to £50,000	Chief Executive or Executive Director of Finance
	Fruitless payments (including abandoned capital schemes) up to £250,000	Chief Executive or Executive Director of Finance
	Bad debts and claims abandoned, private patients, overseas visitors and others up to £50,000	Chief Executive or Executive Director of Finance
	Damage to buildings, fittings, furniture and equipment and loss of equipment and property in stores and in use due to culpable causes (e.g. fraud, theft, arson) or other up to £50,000	Chief Executive or Executive Director of Finance
	Compensation payments made under legal obligation	Chief Executive or Executive Director of Finance
	Extra contractual payments to contractors up to £50,000	Chief Executive or Executive Director of Finance
	Ex-gratia payments to patients and staff for loss of personal effects	
	§ Less than £500	Budget Holder / Associate Director of Safety & Quality
	§ Between £500 and £10,000	Chief Executive / Executive Director of Finance
	§ £10,000 to £50,000	Chief Executive / Executive Director of Finance
	For clinical negligence up to £1,000,000 (negotiated settlements)	Associate Director Safety & Quality / Deputy Chief Executive
	For personal injury claims involving negligence where legal advice has been obtained and guidance applied up to £1,000,000 including plaintiff's costs	Chief Executive or Executive Director of Finance
Other, except cases of maladministration where there was no financial loss by claimant £50,000	Chief Executive or Executive Director of Finance	
Write off NHS Debtors	Executive Director of Finance	
Write off non NHS Debtors	Executive Director of Finance	
12	Reporting of Incidents to the Police where a criminal offence is suspected	
	Criminal offence of a violent nature	Chief Executive, Executive Directors
	Other where fraud is involved	Executive Director of Finance
13	Receiving Hospitality	
	Applies to both individual and collective hospitality receipt items, in excess of £50.00 per item received	Declaration required in the Trust's Register

14	Implementation of internal and external audit recommendations	Executive Director of Finance
15	Maintenance & update on Trust financial procedures	Executive Director of Finance
16	Investment of Funds	
	Exchequer/Trust funds	Executive Director of Finance
	Charitable and Endowment	Per Section 8 and Charitable Funds Committee
17	Personnel and Pay	
	Authority to fill funded post on the establishment with permanent staff	Budget holder
	Authority to appoint staff to post not on the formal establishment The granting of additional increments to staff within budgetted establishments	Chief Executive, Executive Director of Finance
	<i>All requests for upgrading or regarding shall be dealt with in accordance with Trust procedures</i>	
	Additional staff to the agreed establishment with specifically allocated Finance	Budget holder
	Additional staff to the agreed establishment without specifically allocated finance	Executive Director of Finance
	Pay: Authority to complete standing data forms effecting pay, new starters, variations and leavers	Divisional Directors of Operations, Departmental Directors
	Authority to authorise overtime	Director of HR and OD and Executive Director of Finance
	Authority to authorise travel and subsistence expenses	Budget holder
	Leave: Approval of annual leave	Divisional Directors of Operations, Departmental Directors, Service Managers
	Approval of carry forward up to a maximum of 5 days or as defined in the initial conditions of service	Divisional Directors of Operations, Departmental Directors, Service Managers
	Approval of carry over in excess of 5 days but less than 10 days	Chief Executive, Executive Director of Finance
	Approval to carry forward 10 days or more	Chief Executive, Executive Director of Finance
	Compassionate leave up to 5 days Special leave arrangements	
	· paternity leave up to 5 days	Divisional Directors of Operations, Departmental Directors, Service Managers
	· carers leave up to 3 days	Divisional Directors of Operations, Departmental Directors, Service Managers
	· carers leave up to 5 days Leave without pay	Divisional Directors of Operations, Departmental Directors, Service Managers
Time off in lieu,	Divisional Directors of Operations, Departmental Directors, Service Managers	
Maternity leave – paid and unpaid Sick leave	Divisional Directors of Operations, Departmental Directors, Service Managers	

18	Study leave	
	· Study leave outside the UK	Chief Executive or Executive Director of Finance
	· Medical staff study leave (UK)	Divisional Director of Operations, Divisional Clinical leads
	· All other study leave (UK)	Divisional Director of Operations, Departmental managers
	· Authorisation of payment of removal expenses incurred by officers taking up new appointments providing consideration was given at interview.	Executive Director of Finance
	Grievance Procedure	
	<i>All grievance cases must be dealt with strictly in accordance with the Grievance Procedure and the advice of the Head of HR must be sought when the grievance reaches the level of Service Manager</i>	Director of HR and OD
	Authorised car and mobile phone users	Executive Director of Finance
	Requests for new posts to be authorised as car users	Executive Director of Finance
	Request for new posts to be authorised as mobile telephone users	Executive Director of Finance
Renewal of Fixed Term contract Staff Retirement Policy Authorisation of extensions of contract beyond normal retirement age in exceptional circumstances Redundancy	Executive Director of Finance or Director of HR and OD	
Ill Health Retirement	Chief Executive, Executive Director of Finance	
Decision to pursue retirement on the grounds of ill health	Director of HR and OD	
Dismissal	Director of HR and OD	
19	Authorisation of New Drugs	
	Estimated total yearly cost up to £25,000	Deputy Chief Executive/Divisional Directors of Operations
	Estimated total yearly cost above £25,000	Drugs Committee & Chief Executive, Executive Director of Finance
20	Authorisation of sponsorship deals	Chief Executive, Medical Director and Executive Director of Finance

21	Authorisation of research projects	Chief Executive, Medical Director and Chairman of Research Committee
22	Authorisation of clinical trials	Research & Development Committee, Chief Executive and Medical Director
23	Insurance policies and risk management	Chief Executive, Executive Director of Finance
24	Patients and Relatives Complaints - Overall responsibility for ensuring that all complaints are dealt with effectively	Deputy Chief Executive and Associate Director of Safety & Quality
	Responsibility for ensuring complaints relating to a directorate area are investigated thoroughly Medico-legal complaints – coordination of their manager	Divisional Directors of Operations and Associate Director of Safety & Quality
25	Review Trust compliance with the GDPR	Executive Director of Finance (as SIRO), and Data Protection Officer
26	Review of the Trust's compliance with the Code of Practice for Handling Confidential Information in the Contracting Environment and compliance with Safe Haven per EL92/60	Executive Director of Finance (as SIRO), and Data Protection Officer
27	The keeping of a Register of Interests	Director of Corporate Governance/ Company Secretary
28	Attestation of Sealings in accordance with Standing Orders	Chief Executive/ Executive Director of Finance/ Director of Corporate Governance/Company Secretary
29	The keeping of a Register of Sealings	Director of Corporate Governance/Company Secretary
30	The keeping of the Hospitality Register	Director of Corporate Governance/Company Secretary
31	Retention of Records	Chief Executive or Executive Director of Finance as SIRO

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS

DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
Executive Director of Finance	Approval of all financial procedures.
Executive Director of Finance	Advice on interpretation or application of SFIs.
All Members Of The Board And Employees	Have a duty to disclose any non-compliance with these Standing Financial Instructions to the Executive Director of Finance as soon as possible.
Chief Executive	Responsible as the Accountable Officer to ensure financial targets and obligations are met and have overall responsibility for the System of Internal Control.
Chief Executive & Executive Director of Finance	Accountable for financial control but will, as far as possible, delegate their detailed responsibilities.
Chief Executive	To ensure all Board members, officers and employees, present and future, are notified of and understand Standing Financial Instructions.
Executive Director of Finance	Responsible for: <ol style="list-style-type: none"> a) Implementing the Trust's financial policies and coordinating corrective action; b) Maintaining an effective system of financial control including ensuring detailed financial procedures and systems are prepared and documented; c) Ensuring that sufficient records are maintained to explain Trust's transactions and financial position; d) Providing financial advice to members of Board and staff; e) Maintaining such accounts, certificates etc. as are required for the Trust to carry out its statutory duties.

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS



All Members of the Board and Employees	Responsible for security of the Trust's property, avoiding loss, exercising economy and efficiency in using resources and conforming to Standing Orders, Financial Instructions and financial procedures.
Chief Executive	Ensure that 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 are made aware of these instructions and their requirement to comply.
Audit Committee	Provide independent and objective view on internal control and probity.
Auditor Panel	Provide advice and recommendation on the appointment of the External Auditor.
Board	Appoint External Auditor
Chair of Audit Committee	Raise the matter at the Board meeting where Audit Committee considers there is evidence of ultra vires transactions or improper acts.
Executive Director of Finance	Ensure an adequate internal audit service, for which he/she is accountable, is provided
Executive Director of Finance	Decide at what stage to involve police in cases of misappropriation and other irregularities not involving fraud or corruption.
Director Of Internal Audit	Review, appraise and report in accordance with NHS Internal Audit Manual and best practice.
Audit Committee	Ensure cost-effective External Audit.
Chief Executive & Executive Director of Finance	Monitor and ensure compliance with SofS Directions on fraud and corruption including the appointment of the Local Counter Fraud Specialist.
Chief Executive	Monitor and ensure compliance with Directions issued by the Secretary of State for Health and Social Care on NHS security management including appointment of the Local Security Management Specialist.

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS



Chief Executive	<p>Compile and submit to the Board an Annual Business Plan (ABP) which takes into account financial targets and forecast limits of available resources. The ABP will contain:</p> <ul style="list-style-type: none"> • a statement of the significant assumptions on which the plan is based; • details of major changes in workload, delivery of services or resources required to achieve the plan.
Executive Director of Finance	<p>Submit budgets to the Board for approval.</p> <p>Monitor performance against budget; submit to the Board financial estimates and forecasts.</p>
Executive Director of Finance	<p>Ensure adequate training is delivered on an ongoing basis to budget holders.</p>
Chief Executive	<p>Delegate budget to budget holders.</p>
Chief Executive & Budget Holders	<p>Must not exceed the budgetary total or virement limits set by the Board.</p>
Executive Director of Finance	<p>Devise and maintain systems of budgetary control.</p>
Budget Holders	<p>Ensure that</p> <ol style="list-style-type: none"> a) no overspend or reduction of income that cannot be met from virement is incurred without prior consent of Board; b) approved budget is not used for any other than specified purpose subject to rules of virement; c) no permanent employees are appointed without the approval of the CE other than those provided for within available resources and manpower establishment.
Chief Executive	<p>Identify and implement cost improvements and income generation activities in line with the Annual Business Plan.</p>
Chief Executive	<p>Submit monitoring returns</p>

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS

Executive Director of Finance	Preparation of annual accounts and reports.
Executive Director of Finance	Managing banking arrangements, including provision of banking services, operation of accounts, preparation of instructions and list of cheque signatories. Board approves arrangements.
Executive Director of Finance	Income systems, including system design, prompt banking, review and approval of fees and charges, debt recovery arrangements, design and control of receipts, provision of adequate facilities and systems for employees whose duties include collecting or holding cash.
All Employees	Duty to inform DoF of money due from transactions which they initiate/deal with.
Chief Executive	Tendering and contract procedure.
Chief Executive	Waive formal tendering procedures.
Chief Executive	Report waivers of tendering procedures to the Audit Committee.
Executive Director of Finance	Where a supplier is chosen that is not on the approved list the reason shall be recorded in writing to the CE.
Chief Executive	Responsible for the receipt, endorsement and safe custody of tenders received.
Chief Executive	Shall maintain a register to show each set of competitive tender invitations dispatched.
Chief Executive And Executive Director of Finance	Where one tender is received will assess for value for money and fair price.
Chief Executive	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.

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS



Chief Executive	Will appoint a manager to maintain a list of approved firms.
Chief Executive	Shall ensure that appropriate checks are carried out as to the technical and financial capability of those firms that are invited to tender or quote.
Chief Executive	The Chief Executive or his nominated officer should evaluate the quotation and select the quote which gives the best value for money.
Chief Executive or Executive Director of	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 these Instructions except with the authorisation of the Chief Executive.
Chief Executive	The Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.
Board	All PFI proposals must be agreed by the Board.
Chief Executive	The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Trust.
Chief Executive	The Chief Executive shall nominate officers with delegated authority to enter into contracts of employment, regarding staff, agency staff or temporary staff service contracts.
Chief Executive	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.
Chief Executive	The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the Trust.
Chief Executive	Must ensure the Trust enters into suitable Service Level Agreements (SLAs) with service commissioners for the provision of NHS services

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS



Chief Executive	As the Accountable Officer, ensure that regular reports are provided to the Board by the DoF detailing actual and forecast income from the SLA
Board	Establish a Remuneration Committee
Remuneration Committee	Agree the remuneration and terms of service of the CE, and Executive Directors to ensure they are fairly rewarded having proper regard to the Trust's circumstances and any national agreements; NHS Improvement and evaluate the performance of Executive Directors
Remuneration Committee	Report in writing to the Board its decisions
Board	Approve proposals presented by the Chief Executive for setting of remuneration and conditions of service for those employees and officers not covered by the Remuneration Committee.
Chief Executive	Approval of variation to funded establishment of any department.
Chief Executive	Staff, including agency staff, appointments and regrading.
Executive Director of Finance	Payroll: a) specifying timetables for submission of properly authorised time records and other notifications; b) final determination of pay and allowances;
Nominated Managers*	Submit time records in line with timetable. Complete time records and other notifications in required form. Submitting termination forms in prescribed form and on time.
Executive Director of Finance	Ensure that the chosen method for payroll processing 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.

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS

Nominated Manager*	Ensure that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation; and Deal with variations to, or termination of, contracts of employment.
Chief Executive	Determine, and set out, level of delegation of expenditure to individuals within the Trust TRUST SCHEMES DELEGATED TO £ '000's Chief Executive 1,000 Deputy Chief Executive 500 Executive Director of Finance 500 Executive Directors 250 Divisional Directors of Operations & Other Directors 75 Business Manager 25 Budget Holder/Assistant Business Manager 10
Chief Executive	Set out procedures on the seeking of professional advice regarding the supply of goods and services.
Requisitioner*	In choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the Trust. In so doing, the advice of the Trust's adviser on supply shall be sought.
Executive Director of Finance	Shall be responsible for the prompt payment of accounts and claims.

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS



Executive Director of Finance	<ul style="list-style-type: none"> a) Advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in standing orders and regularly reviewed; c) 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; d) Be responsible for the prompt payment of all properly authorised accounts and claims; e) Be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable; f) A timetable and system for submission to the Executive 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; g) Instructions to employees regarding the handling and payment of accounts within the Finance Department; b) Be responsible for ensuring that payment for goods and services is only made once the goods and services are received
Appropriate Executive Director	Make a written case to support the need for a prepayment.
Executive Director of Finance	Approve proposed prepayment arrangements.
Budget Holder	Ensure that all items due under a prepayment contract are received (and immediately inform DoF if problems are encountered).
Chief Executive	Authorise who may use and be issued with official orders.
Managers And Officers	Ensure that they comply fully with the guidance and limits specified by the Executive Director of Finance.

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS



Chief Executive/ Executive Director of Finance	Ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within GPA regulations, Procure21+ / Procure22 (P21+ / P22), Private Finance Initiatives and Estate Code. The technical audit of these contracts shall be the responsibility of the relevant Director.
Executive Director of Finance	Lay down procedures for payments to local authorities and voluntary organisations made under the powers of section 28A of the NHS Act.
Executive Director of Finance	The DoF will advise the Board on the Trust's ability to pay dividend on Public Dividend Capital (PDC) and report, periodically, on the level of PDC, loans and overdrafts.
Board	Approve a list of employees authorised to make applications for revenue and capital support on behalf of the Trust. (This must include the CE and DoF.)
Executive Director of Finance	Prepare detailed procedural instructions concerning applications for capital and revenue support, as well as overdrafts.
Executive Director of Finance	Will advise the Board on investments and report, periodically, on performance of same.
Executive Director of Finance	Prepare detailed procedural instructions on the operation of investments held.
Executive Director of Finance	Ensure that Board members are aware of the Financial Framework and ensure compliance

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS



Chief Executive	<p>Capital investment programme:</p> <ul style="list-style-type: none"> a) ensure that there is adequate appraisal and approval process for determining capital expenditure priorities and the effect that each has on plans b) responsible for the management of capital schemes and for ensuring that they are delivered on time and within cost; c) ensure that capital investment is not undertaken without availability of resources to finance all revenue consequences; d) ensure that a business case is produced for each proposal.
Executive Director of Finance	Certify professionally the costs and revenue consequences detailed in the business case for capital investment.
Chief Executive	Issue procedures for management of contracts involving stage payments.
Executive Director of Finance	Assess the requirement for the operation of the construction industry taxation deduction scheme.
Executive Director of Finance	Issue procedures for the regular reporting of expenditure and commitment against authorised capital expenditure.
Chief Executive	<p>Issue manager responsible for any capital scheme with authority to commit expenditure, authority to proceed to tender and approval to accept a successful tender.</p> <p>Issue a scheme of delegation for capital investment management.</p>
Executive Director of Finance	Issue procedures governing financial management, including variation to contract, of capital investment projects and valuation for accounting purposes.
Executive Director of Finance	Demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS

Board	Proposal to use PFI must be specifically agreed by the Board.
Chief Executive	Maintenance of asset registers (on advice from DoF).
Executive Director of Finance	Approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
Executive Director of Finance	Calculate and pay capital charges in accordance with Department of Health and Social Care requirements.
Chief Executive	Overall responsibility for fixed assets.
Executive Director of Finance	Approval of fixed asset control procedures.
Board, Executive Members And All Senior Staff	Responsibility for security of Trust assets including notifying discrepancies to DoF, and reporting losses in accordance with Trust procedure.
Chief Executive	Delegate overall responsibility for control of stores (subject to DoF responsibility for systems of control). Further delegation for day-to-day responsibility subject to such delegation being recorded. (Good practice to append to the scheme of delegation document.)
Executive Director of Finance	Responsible for systems of control over stores and receipt of goods.
Designated Pharmaceutical Officer	Responsible for controls of pharmaceutical stocks
Designated Estates Officer	Responsible for control of stocks of fuel oil and coal.

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS

Nominated Officers*	Security arrangements and custody of keys
Executive Director of Finance	Set out procedures and systems to regulate the stores.
Executive Director of Finance	Agree stocktaking arrangements.
Executive Director of Finance	Approve alternative arrangements where a complete system of stores control is not justified.
Executive Director of Finance	Approve system for review of slow moving and obsolete items and for condemnation, disposal and replacement of all unserviceable items.
Nominated Officers*	Operate system for slow moving and obsolete stock, and report to DoF evidence of significant overstocking.
Chief Executive	Identify persons authorised to requisition and accept goods from NHS Supplies stores.
Executive Director of Finance	Prepare detailed procedures for disposal of assets including condemnations and ensure that these are notified to managers.
Executive Director of Finance	Prepare procedures for recording and accounting for losses, special payments and informing police in cases of suspected arson or theft.
All Staff	Discovery or suspicion of loss of any kind must be reported immediately to either head of department or nominated officer. The head of department / nominated officer should then inform the CE and DoF.
Executive Director of Finance	Where a criminal offence is suspected, DoF must inform the police if theft or arson is involved. In cases of fraud and corruption DoF must inform the LCFS and NHSCFA in line with SoS directions.
Executive Director of Finance	Notify External Audit of all frauds.

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS



Executive Director of Finance	Notify Board and External Auditor of losses caused theft, arson, neglect of duty or gross carelessness (unless trivial).
Board	Approve write off of losses (within limits delegated by DHSC).
Executive Director of Finance	Consider whether any insurance claim can be made.
Executive Director of Finance	Maintain losses and special payments register.
Executive Director of Finance	Responsible for accuracy and security of computerised financial data.
Executive Director of Finance	Be satisfied 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.
Associate Director Of Corporate Governance/Company Secretary	Shall publish and maintain a Freedom of Information Scheme.
Relevant Officers	Send proposals for general computer systems to DoF
Executive Director of Finance	Ensure that contracts with other bodies for the provision of computer services for financial applications clearly define responsibility of all parties for security, privacy, accuracy, completeness and timeliness of data during processing, transmission and storage, and allow for audit review.
Executive Director of Finance	Ensure that risks to the Trust from use of IT are identified and considered and that disaster recovery plans are in place.

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS



Executive Director of Finance	<p>Where computer systems have an impact on corporate financial systems satisfy himself that:</p> <ul style="list-style-type: none"> a) systems acquisition, development and maintenance are in line with corporate policies; b) data assembled for processing by financial systems is adequate, accurate, complete and timely, and that a management rail exists; c) DoF and staff have access to such data; <p>Such computer audit reviews are being carried out as are considered necessary.</p>
Chief Executive	Responsible for ensuring patients and guardians are informed about patients' money and property procedures on admission.
Executive Director of Finance	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.
Departmental Managers	Inform staff of their responsibilities and duties for the administration of the property of patients.
Executive Director of Finance	Ensure that each trust fund which the Trust is responsible for managing is managed appropriately.
Executive Director of Finance	Ensure all staff are made aware of the Trust policy on the acceptance of gifts and other benefits in kind by staff
Chief Executive	Retention of document procedures in accordance with NHS Code of Practice for Records Management
Chief Executive	Risk management programme.
Board	Approve and monitor risk management programme.

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS



Board	Decide whether the Trust will use the risk pooling schemes administered by NHS Resolution or self-insure for some or all of the risks (where discretion is allowed). Decisions to self-insure should be reviewed annually.
Executive Director of Finance	Where the Board decides to use the risk pooling schemes administered by the NHS Resolution the Executive Director of Finance shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Executive Director of Finance shall ensure that documented procedures cover these arrangements.
Executive Director of Finance	Ensure documented procedures cover management of claims and payments below the deductible.

* Nominated officers and the areas for which they are responsible should be incorporated into the Trust's Scheme of Delegation document.