

Reference Number: FOIAH2425/317
From: Commercial
Date: 12 September 2024
Subject: Fire Dampers & Smoke Vents

Q1 Name of the NHS Trusts Responsible Person for Fire Safety and contact email

A1 [Dave Roberts - David.roberts@alderhey.nhs.uk](mailto:David.roberts@alderhey.nhs.uk)

Q2 Name of the contracts manager for Facilities Management (Planned and Reactive Maintenance) and contact email

A2 [Not applicable, the facilities manager is not responsible for planned and preventative maintenance](#)

Q3 Guidance on how to do business with the NHS Trust for agreements not published under European Tender guidelines

A3 [Please see attached Standing Financial Instructions \(SFI\) document](#)

STANDING FINANCIAL INSTRUCTIONS

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1. INTRODUCTION

1.1 General

- 1.1.1 The regulator sets the Provider Licence for the Foundation Trust that require compliance with the principles of best practice applicable to corporate governance within the NHS/ Health Sector and with any code of practice and guidance issued by the independent regulator. These Standing Financial Instructions (SFIs) are issued 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 and its constituent organisations including Trading Units. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Director of Finance.
- 1.1.4 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Director of Finance must be sought before acting. The user of these 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 and Risk Committee for referring action or ratification. All members of the Board and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Director of Finance as soon as possible.

1.2 Terminology

1.2.1 Any expression to which a meaning is given in Health Service Acts, or in the Financial Directions made under the Acts, shall have the same meaning in these instructions; and shall reflect the definitions set out in the Trust's constitution.

Terminology	Definition
the 2012 Act	<i>means the Health and Social Care Act 2012;</i>
the 2006 Act	<i>Means the National Health Service Act 2006;</i>
the 2003 Act	<i>the Health and Social Care (Community Health and Standards) Act 2003;</i>
the 1977 Act	<i>means the National Health Service Act 1977;</i>
Accounting Officer	<i>Is the person who from time to time discharges the functions specified in paragraph 25(5) of Schedule 7 to the 2006 Act; shall be the Officer responsible and accountable for funds entrusted to the Foundation Trust in accordance with the NHS Foundation Trust Accounting Officer Memorandum. They are responsible for ensuring the proper stewardship of public funds and assets. The National Health Service Act 2006 designates the Chief Executive of the NHS Foundation Trust as the Accounting Officer.</i>
Agenda Item	<i>an item from a Governor(s) or Board member (notice of which has been given) about a matter over which the Council/Board has powers or duties or which affects the services provided by the Foundation Trust</i>
appointing organisations	<i>means those organisations named in this Constitution who are entitled to appoint Governors;</i>
authorisation	<i>means an authorisation given by the Regulator.</i>
the Board of Directors	<i>means the Board of Directors as constituted in accordance with the Constitution;</i>
Budget	<i>A resource, expressed in financial or workforce terms, proposed by the Board of Directors for the purpose of carrying out, for a specific period, any or all of the functions of the Foundation Trust.</i>
Budget Holder	<i>The Director or employee with delegated authority to manage finances (income and expenditure) for a specific area of the organisation.</i>
The Chair	<i>means the Chairman of the Foundation Trust, or, in relation to the function of presiding at or chairing a meeting where another person is carrying out that role as required by the Constitution, such person;</i>
Chief Executive	<i>The chief officer (and accounting officer) of the Foundation Trust</i>

Terminology	Definition
the Clinical Commissioning Group	<i>means those NHS Clinical Commissioning Groups referred to in the Constitution;</i>
Committee	<i>a committee or sub-committee created and appointed by the Foundation Trust.</i>
Constitution	<i>Constitution of Alder Hey NHS Foundation Trust, describes the type of organisation, its primary purpose, governance arrangements and membership.</i>
Contracting and Procuring	<i>the systems for obtaining the supply of goods, materials, manufactured items, services, building and engineering services, works of construction and maintenance and for disposal of surplus and obsolete assets.</i>
Council of Governors	<i>means the Council of Governors as constituted in accordance with this Constitution (which shall have the same meaning as the Board of Governors in the 2006 Act);</i>
Vice Chair	<i>the Vice Chairman of the Trust</i>
Director	<i>means a member of the Board of Directors;</i>
Director of Finance	<i>shall mean the chief finance officer of the Foundation Trust.</i>
Executive Director	<i>an executive director of the trust</i>
external auditor	<i>means any external auditor, other than the financial auditor, appointed under the Constitution to review and report upon aspects of the Trust's performance;</i>
financial auditor	<i>means the person appointed to audit the accounts of the Foundation Trust (referred to as the auditor in the 2006 Act);</i>
Financial year	<i>means</i> <i>(a) the period beginning with the date on which the Trust is authorised and ending with the next 31st March; and</i> <i>(b) each successive period of twelve months beginning with 1st April;</i>
the Foundation Trust	<i>Alder Hey Children's NHS Foundation Trust;</i>
Foundation Trust Contract	<i>Agreement between the Foundation Trust and Clinical Commissioning Groups for the provision and commissioning of health services.</i>
Funds held on Trust	<i>Those funds which the Foundation Trust holds at its date of incorporation, receives on distribution by statutory instrument or chooses subsequently to accept under powers derived under 2006 Act. Such funds may or may not be charitable.</i>
governor	<i>a governor on the Council of Governors and being either an</i>

Terminology	Definition
	<i>elected governor or an appointed governor</i>
Independent Regulator	<i>means the regulator for the time being for the purpose of Chapter 5 of the 2006 Act;</i>
Licence	<i>The Health and Social Care Act (2012) requires everyone who provides an NHS health care service to hold a licence unless they are exempt under regulations made by the Department of Health. Foundation trusts are licensed from 1 April 2013. Alder Hey Children's NHS Foundation Trust license number is 130005.</i>
member	<i>means a member of the Trust;</i>
Monitor	<i>the regulator (Monitor) for the purposes of Part 2 of the 2006 Act;</i>
Nominated Officer	<i>an officer charged with the responsibility for discharging specific tasks within Standing Orders and Standing Financial Instructions.</i>
non-executive directors	<i>a non-executive director of the trust</i>
Officer	<i>an employee of the Foundation Trust.</i>
partner	<i>means, in relation to another person, a member of the same household living together as a family unit;</i>
partnership organisations	<i>means organisations designated as partnership organisations for the purposes of the Constitution</i>
patient	<i>means an individual who and who has attended any of the trust's facilities as a patient within the period of one year immediately before the date of that person's application to become a member of the trust;</i>
Secretary	<i>the secretary of the Foundation Trust or any other person appointed to perform the duties of the secretary of the Foundation Trust;</i>
Standing Financial Instructions	<i>(SFIs) regulate the conduct of the Trusts financial matters</i>
Standing Orders	<i>(SOs) incorporate the Constitution and regulate the business conduct of the Foundation Trust</i>
the Trust	<i>means the Alder Hey Children's NHS Foundation Trust;</i>
voluntary organisation	<i>a body, other than a public or local authority, the activities of which are not carried on for profit</i>

All references to the masculine gender will be deemed to apply equally to the feminine gender when used with these instructions.

1.2.2 Wherever the title Chief Executive, Director of Finance, or other nominated officer is used in these instructions, it shall be deemed to include such other Directors or employees who have been duly authorised to represent them.

1.2.3 Wherever the term "employee" is used and where the context permits it shall be deemed to include employees of third parties contracted to the Trust when acting on behalf of the Trust, including nursing and medical staff and consultants practising on the Trust premises.

1.3 Responsibilities and Delegation

1.3.1 The Board of Directors

The Foundation Trust shall at all times remain a going concern as defined by the relevant accounting standards in force. The Board exercises financial supervision and control by:

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

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

1.3.3 The constitution dictates that the Council of Governors may not delegate any of its powers to a committee or sub-committee. The Board of Directors has resolved that certain powers and decisions may only be exercised by the Board of Directors in formal session. These are set out in the "Scheme of Reservation to the Board of Directors" document, published within the Scheme of Delegation. The Board of Directors will delegate responsibility for the performance of its functions in accordance with the Scheme of Delegation document adopted by the Foundation Trust.

1.3.4 The Chief Executive and Director of Finance

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

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

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

1.3.6 The Director of Finance

The Director of Finance is responsible for:

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

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

- (d) the provision of financial advice to other members of the Board of Directors, Council of Governors 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.

1.3.7 Board Members and Employees

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

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

1.3.8 Contractors and their employees

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

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

2. AUDIT

2.1 Audit and Risk Committee

- 2.1.1 In accordance with the Constitution, the Board of Directors shall formally establish an Audit and Risk Committee of non-executive directors, with clearly defined Terms of Reference and following guidance from the NHS Audit and Risk Committee Handbook and Foundation Trust Governance requirements.

- 2.1.2 The Audit and Risk Committee's primary role is to conclude upon the adequacy and effective operation of the Trust's overall control system. In performing that role the Committee's work will predominantly focus upon the framework of risks, controls and related assurances that underpin the delivery of the Trust's objectives.

- 2.1.3 The Audit and Risk Committee will review the adequacy of:

- (a) all risk and control related disclosure statements;
- (b) the underlying assurance processes;
- (c) the policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements;

- (d) the policies and procedures for all work relating to fraud and corruption;
- (e) the Trust's internal financial controls.

2.1.4 The Audit and Risk Committee may also review arrangements by which staff of the Trust may raise concerns about possible improprieties in matters of financial reporting and control, clinical quality or patient safety. All such concerns are to be treated in confidence and the Committee should ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow up action.

2.1.5 The Board of Directors shall satisfy itself that at least one member of the Audit and Risk Committee has recent and relevant financial experience.

2.1.6 Where the Audit and Risk Committee considers that there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the committee wishes to raise, the Chairman of the Audit and Risk Committee should raise the matter at a full meeting of the Board. Exceptionally, the matter should be referred to the Director of Finance in the first instance and may need to be referred to NHS Improvement.

2.1.7 It is the responsibility of the Audit and Risk Committee to ensure an adequate Internal Audit service is provided and the Audit and Risk Committee shall be involved in the selection process when an Internal Audit service provider is changed.

2.1.8 It is the responsibility of the Audit and Risk Committee to ensure an adequate External Audit service is provided and the Audit and Risk Committee responsible for making recommendations to the Council of Governors, in relation to the appointment, re-appointment and removal of the External Auditor, remuneration and Terms of Engagement of the External Auditor

2.2 Director of Finance

2.2.1 The Director of Finance is responsible for:

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

- (d) ensuring that an annual internal audit report is prepared for the consideration of the Audit and Risk Committee [and the Board]. The report must cover:
 - (i) a clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the Department of Health including for example compliance with control criteria and standards;
 - (ii) major internal financial control weaknesses discovered;
 - (iii) progress on the implementation of internal audit recommendations;
 - (iv) progress against plan over the previous year;
 - (v) strategic audit plan covering the coming three years;
 - (vi) a detailed plan for the coming year.

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

- (a) access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
- (b) access at all reasonable times to any land, premises or members of the Board of Directors, Council of Governors 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;
 - (iv) risk.
- (e) report on the adequacy of follow up action to internal audit reports;
- (f) carry out investigations/project work agreed with and under terms of reference laid down by the Director of Finance
- (g) Internal Audit shall also independently verify the Assurance Statements in accordance with guidance from the Department of Health.

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

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

2.3.4 The Internal Auditor shall be accountable to the Director of Finance. The reporting system for internal audit shall be agreed between the Director of Finance, the Audit and Risk Committee and the Internal Auditor. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit Standards. The reporting system shall be reviewed at least every three years. Where, in exceptional circumstances, the use of normal reporting channels is thought to limit the objectivity of the audit, the Head of Internal Audit shall have access to report direct to the Chair or a non-executive member of the Foundation Trust's Audit and Risk Committee.

2.3.5 Managers in receipt of audit reports referred to them, have a duty to take appropriate remedial action within the agreed timescales specified within the report. The Director of Finance shall identify a formal review process to monitor the extent of compliance with audit recommendations. Where appropriate, when remedial action has failed to take place by the Manager within a reasonable period, the matter shall be reported to the Director of Finance.

2.4 Financial Audit

2.4.1 Duties

The Foundation Trust shall have a financial auditor and shall provide the financial auditor with every facility and all information which s/he may reasonably require for the purposes of their functions under Part 1 of the 2003 Act.

The financial auditor is to carry out their duties in accordance with Schedule 10 to the 2006 Act and in accordance with any directions given by the Regulator on standards, procedures and techniques to be adopted.

In auditing the accounts the financial auditor must, by examination of the accounts and otherwise, satisfy themselves that the Foundation Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The Foundation Trust is required to include a statement on internal control within the financial statements. The financial auditors have a responsibility to:

- consider the completeness of the disclosures in meeting the relevant requirements; and
- identify any inconsistencies between the disclosures and the information that they are aware of from their work on the financial statements and other work.

2.4.2 Appointment of Financial Auditor

The External Auditor is appointed by the Council of Governors following recommendation from the Audit and Risk Committee. The Audit Code for NHS Foundation Trusts contains the directions of the regulator (in accordance with the 2006 Act), with respect to the standards, procedures and techniques to be adopted by the auditor.

A person may only be appointed as the financial auditor if s/he (or in the case of a firm each of its members) are a member of one or more of the bodies referred to in paragraph 23(4) of Schedule 7 to the 2006 Act.

An officer of the Audit Commission may be appointed as financial auditor with the agreement of the Commission. Where an officer of the Audit Commission is appointed as auditor, the Commission is to charge the Foundation Trust such fees for their services as will cover the full cost of providing them. The Audit and Risk Committee must ensure a cost-efficient service.

The Council of Governors at a General Meeting shall appoint or remove the Foundation Trust's financial auditor.

The Board of Directors may resolve that external auditors be appointed to review and publish a report on any other aspect of the Trust's performance. Any such auditors are to be appointed by the Council of Governors.

2.4.3 Undertaking Work

Monitor/NHS Improvement may require auditors to undertake work on its behalf at the Foundation Trust. In this situation, a tripartite agreement between Monitor/NHSI, the auditor and the Foundation Trust will be agreed. This agreement, which will include details of the subsequent work and reporting arrangements, will be in accordance with the principles established in the guidance issued by the Institute of Chartered Accountants in England and Wales in audit 05/03: Reporting to Regulators or Regulated Entities.

The auditor may, with the approval of the Council of Governors, provide the Foundation Trust with services which are outside of the scope as defined in the code (additional services). The Foundation Trust shall adopt and implement a policy for considering and approving any additional services to be provided by the auditor.

2.4.4 Liaison with Internal Audit

It is expected that the financial auditors will liaise with the internal audit function in order to obtain a sufficient understanding of internal audit activities to assist in planning the audit and developing an effective audit approach. The auditors may also wish to place reliance upon certain aspects of the work of internal audit in satisfying their statutory responsibilities as set out in the 2006 Act and the Audit Code. In particular the financial auditor may wish to consider the work of internal audit when undertaking their procedures in relation to the statement on internal control.

2.4.5 Access To Documents

The Auditors of the Foundation Trust have a right of access at all reasonable times to every document relating to the Foundation Trust which appears to them necessary for the purpose of their functions in the 2006 Act.

2.4.6 Public Interest Report

In the event of the External Auditor issuing a Public Interest report the Foundation Trust shall:

- Send the public interest report to the Council of Governors the Board of Directors and Monitor/NHSI:
 - At once if it is an immediate report; or
 - Not later than 14 days after conclusion of the audit.
- forward a report to Monitor/NHSI within 30 days (or such shorter period as the regulator may specify) of the report being issued. The report shall include details of the Foundation Trust's response to the issues raised within the Public Interest report.

2.5 Fraud, Bribery and Corruption

- 2.5.1 The Trust shall take all necessary steps to counter fraud affecting NHS funded services in accordance with the NHS Counter Fraud Authority Standards for Providers as set out in the NHS Standard Contract and in accordance with:
- a) The NHS Counter Fraud Manual published by the NHS Counter Fraud Authority
 - b) The policy statement "applying appropriate sanctions consistently" published initially by NHS Protect and endorsed by the new NHS Counter Fraud Authority
 - c) Any other reasonable guidance and advice issued by the NHS Counter Fraud Authority that affects efficiency, systematic and / or procedural matters.
 - d) The Chief Executive and Director of Finance shall monitor and ensure compliance with the above.
- 2.5.2 The Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist as specified by the Fraud and Corruption Manual and guidance.
- 2.5.3 The Local Counter Fraud Specialist shall report to the Trust's Director of Finance and shall work with the staff in NHS Protect in accordance with the Department of Health Fraud and Corruption Manual.
- 2.5.4 The Local Counter Fraud Specialist shall report to the Trust's Director of Finance and shall work with the staff of the NHS Counter Fraud Authority in accordance with the NHS Counter Fraud Manual.

2.6 Security Management

- 2.6.1 In line with their responsibilities, the Trust Chief Executive will monitor and ensure compliance with relevant legislation and guidance 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).
- 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 Local Security Management Specialist (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 a Business Plan which takes into account financial targets and forecast limits of available resources. The plan will contain:

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

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

- (a) be in accordance with the aims and objectives set out in the Business Plan;
- (b) accord with workload and workforce plans;
- (c) be produced following discussion with appropriate budget holders;
- (d) be prepared within the limits of available funds;
- (e) identify potential risks.
- (f) be based on reasonable and realistic assumptions
- (g) enable the Trust to comply with the requirements of the Prudential Borrowing Code set by the Regulator.

3.1.3 The Director of Finance shall monitor financial performance against budget and plan, periodically review them, and report to the Board. Any significant variances should be reported by the Director of Finance to the Board of Directors as soon as they come to light and the Board of Directors shall be advised of action to be taken in respect of such variances.

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

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

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

3.3 Budgetary Delegation

3.3.1 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.

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

3.3.3 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.

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

3.4 Budgetary Control and Reporting

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

- (a) financial reports to the Board in a form approved by the Board containing sufficient information to allow Board members to ascertain the financial performance of the Trust. This may include:
 - (i) income and expenditure to date showing trends and forecast year-end position;
 - (ii) balance sheet, including movements in working capital;
 - (iii) review cashflow statements;
 - (iv) capital project spend and projected outturn against plan;
 - (v) explanations of any material variances from plan;
 - (vi) details of any corrective action where necessary and the Chief Executive's and/or Director of Finance's view of whether such actions are sufficient to correct the situation;

- (b) the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;
- (c) investigation and reporting of variances from financial, workload and workforce budgets;
- (d) monitoring of management action to correct variances; and
- (e) arrangements for the authorisation of budget transfers.
- (f) advising the Chief Executive and Board of Directors of the consequences of changes in policy, pay awards and other events and trends affecting budgets and shall advise on the economic and financial impact of future plans and projects; and.
- (g) review of the bases and assumptions used to prepare the budgets.

In the performance of these duties the Director of Finance will have access to all budget holders on budgetary matters and shall be provided with such financial and statistical information as is necessary.

3.4.2 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 Resources and Business Development Committee;
- (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.

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

3.5 Capital Expenditure

3.5.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. (The particular applications relating to capital are contained in SFI 13).

3.6 Monitoring Returns

- 3.6.1 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 Accounts

The Accounting Officer of the Trust shall cause to be prepared in respect of each financial year annual accounts in such form as the Regulator may, with the approval of the HM Treasury, direct.

- 4.1.1 *The annual accounts shall be audited by the Trust's financial auditor* in accordance with the appropriate auditing standards.

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

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

- 4.1.3 The accounting officer shall cause the Foundation Trust to prepare in respect of each financial year annual accounts in such form as Monitor/NHSI may direct with the approval of the Treasury.

- 4.1.4 In preparing its annual accounts, the accounting officer shall cause the Foundation Trust to comply with any directions given by Monitor/NHSI with the approval of the Treasury as to:

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

and shall be responsible for the functions of the Foundation Trust as set out in the 2006 Act.

- 4.1.5 The annual accounts, any report of the financial auditor on them, and the annual report are to be presented to the Council of Governors at a General Meeting.

- 4.1.6 The accounting officer shall cause the Foundation Trust to:

- (a) lay a copy of the annual accounts, and any report of the financial auditor on them, before Parliament; and
- (b) once it has done so, send copies of those documents to Monitor / NHSI

Responsibility for complying with the requirements relating to the form, preparation and presentation of the accounts shall be delegated to the accounting officer.

4.2 Annual Reports

The Trust shall prepare an Annual Report and send it to the Regulator. The reports are to give:

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

The Foundation Trust is to comply with any decision NHSI makes as to:

- (a) the form of the reports;
- (b) when the reports are to be sent to them;
- (c) the periods to which the reports are to relate.

The Financial Auditors of the Foundation Trust have a responsibility to read the information contained within the Annual Report and consider the implications for the audit opinion and/or certificate if there are apparent misstatements or material inconsistencies with the financial statements.

4.3 Annual Plans

4.3.1 The Foundation Trust shall give information as to its forward planning in respect of each financial year to the independent regulator.

4.3.2 The Foundation Trusts is required to make the following submissions as part of the forward plans:

- (a) Forward plan commentary;
- (b) Membership report;
- (c) Board statements on quality, finance and governance (including risk, service performance, compliance with the licence and board roles, structures and capacity); and
- (d) Financial projections.

4.3.3 The document containing this information is to be prepared by the Directors, and in preparing the document, the Board of Directors must have regard to the views of the Council of Governors.

The Annual Plan must be approved by the Board of Directors.

4.3.4 The Foundation Trust is required to provide three types of in-year reports:

- (a) **in-year (monthly) submissions**, including:
 - (i) board statements on service performance and financial risk
 - (ii) forward financial risk indicators
 - (iii) financial information; and results of elections in the previous quarter.
- (b) **exception reports**, which may relate to any in-year issue affecting compliance with Licence conditions; and
- (c) **ad hoc reports**, at Monitor/NHSI's request, which may include follow-up on specific issues relating to finance or governance identified either in the forward plan or via in-year monitoring.

5. BANK ACCOUNTS

5.1 General

- 5.1.1 The Director of Finance is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of accounts.
- 5.1.2 The Resources and Business Development Committee shall approve the banking arrangements.
- 5.1.3 The Trust's Board of Directors is responsible for approving the BankMandate.

5.2 Bank Accounts

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

All accounts should be held in the name of the Foundation Trust. No officer other than the Director of Finance shall open any account in the name of the Foundation Trust or for the purpose of furthering Foundation Trust activities.

5.3 Banking Procedures

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

- (a) the conditions under which each bank is to be operated;
- (b) those authorised to carry out transactions on the Trust's accounts.
- (c) the limit to be applied to any overdraft.

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

5.3.3 The Director of Finance shall approve security procedures for any cheques issued without a hand-written signature e.g. lithographed.

All cheques shall be treated as controlled stationery, in the charge of a duly designated officer controlling their issue.

5.4 Tendering and Review

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

5.4.2 Competitive tenders should be sought at least every five years. The results of the tendering exercise should be reported to the Board.

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

6.1 Income Systems

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

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

6.2 Fees and Charges

- 6.2.1 The Director of Finance is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health or by Statute. Independent professional advice on matters of valuation shall be taken as necessary. Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered the guidance in the Department of Health's Commercial Sponsorship – Ethical standards in the NHS shall be followed.
- 6.2.2 All employees must inform the Director of Finance promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.

6.3 Private Health Care

- 6.3.1 The Trust shall ensure that it complies with the conditions set out in the Provider Licence relating to Non-NHS income, including that the Council of Governors will be notified and appropriate authorisation sought.

6.4 Debt Recovery

- 6.4.1 The Director of Finance is responsible for the appropriate recovery action on all outstanding debts.
- 6.4.2 Income not received should be dealt with in accordance with losses procedures.
- 6.4.3 Overpayments should be detected (or preferably prevented) and recovery initiated.

6.5 Security of Cash, Cheques and other Negotiable Instruments

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

- 6.5.2 Official money shall not under any circumstances be used for the encashment of private cheques or IOUs.
- 6.5.3 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Director of Finance.
- 6.5.4 The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Trust is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Trust from responsibility for any loss.
- 6.5.5 Any loss or shortfall of cash, cheques or other negotiable instruments, however occasioned, shall be monitored and recorded within the Finance Department. Any significant trends should be reported to the Director of Finance and Internal Audit via the incident reporting system. Where there is prima facie evidence of fraud or corruption this should follow the form of the Foundation Trust's Anti-Fraud, Bribery and Corruption Response Plan and the guidance provided by NHS Counter Fraud Authority. Where there is no evidence of fraud or corruption the loss should be dealt with in line with the Foundation Trust's Losses and Compensations Procedures.

7. TENDERING AND CONTRACTING PROCEDURE

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 Standing Financial Instructions (except where Standing Order No. 4.10 Suspension of Standing Orders is applied).

7.2 Public Contract Regulations 2015 (PCR 2015) Governing Public Procurement

The Public Contract Regulation 2015 (PCR 2015) prescribes procedures for awarding all forms of contracts shall have effect as if incorporated in the Standing Orders and Standing Financial Instructions.

7.3 Capital Investment Manual and other Department of Health Guidance

The Trust shall comply as far as is practicable with the requirements of the Department of Health "Capital Investment Manual". In the case of management consultancy contracts the Trust shall comply with NHS Improvement requirements for approval and disclosure.

7.4 Formal Competitive Tendering

7.4.1 General Applicability

The Trust shall ensure that competitive tenders are invited for:

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

7.4.2 Health Care Services

Where the Trust elects to invite tenders for the supply of healthcare services these Standing Orders and Standing Financial Instructions shall apply as far as they are applicable to the tendering procedure and need to be read in conjunction with Standing Financial Instruction No. 8 and No. 10.

7.4.3 Exceptions and instances where formal tendering need not be applied

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

- (a) the estimated expenditure or income does not, or is not reasonably expected to, exceed **£50,000**;
- (b) where the supply is proposed under special arrangements negotiated by the DH in which event the said special arrangements must be complied with;
- (c) regarding disposals as set out in Standing Financial Instructions No. 15;

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

- (d) in very exceptional circumstances where the Director of Finance decides that formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate Trust record;
- (e) where the requirement is covered by an existing contract;
- (f) where PASA national framework agreements are in place and have been approved by the Board;

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

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

- (m) where allowed and provided for in the Capital Investment Manual.

The waiving of competitive tendering procedures should not be used to avoid competition or for administrative convenience.

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

The requirement for a waiver is exempt, if under the threshold quotation, in the following specific circumstances;

- a) Salary re-charges to other NHS/Public sector organisations
- b) Funding - if evidence is provided that monies can only be spent with certain providers e.g., grants
- c) Funding Transfers to other organisations – where evidence is provided that the monies are part of awarded funding to be shared with other organisations

- d) Building Leases where the existing lease model creates a requirement to pay

Where it is decided that waiver exemption should apply, the fact of the waiver exemption and the reasons should be documented and recorded in an appropriate Trust record and reported to the Audit Committee on a quarterly basis.

7.4.4 Fair and Adequate Competition

Where the exceptions set out in SFI Nos. 7.1 and 7.6.3 apply, the Trust shall ensure that invitations to tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and in no case less than two firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.

7.4.5 Items which subsequently breach thresholds after original approval

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

7.5 Contracting/Tendering Procedure

7.5.1 Invitation to tender

- (a) All invitations to tender shall state the date and time as being the latest time for the receipt of tenders.
- (b) All invitations to tender shall state the procedures to be followed in submitting the tender;
- (c) Every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable.
- (d) Every tender for building or engineering works shall embody or be in the terms of the current edition of one of the Joint Contracts Tribunal Standard Forms of Building Contract or Department of the Environment (GC/Wks) Standard forms of contract amended to comply with concode; or, when the content of the work is primarily engineering, the General Conditions of Contract recommended by the Institution of Mechanical and Electrical Engineers and the Association of Consulting Engineers (Form A), or (in the case of civil engineering work) the General Conditions of Contract recommended by the Institute of Civil Engineers, the Association of Consulting Engineers and the Federation of Civil Engineering Contractors. These documents shall be modified and/or amplified to accord with Department of Health guidance and, in minor respects, to cover special features of individual projects.

7.5.2 Receipt and safe custody of tenders

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

The date and time of receipt of each tender shall be recorded.

7.5.3 Opening tenders and Register of tenders

- (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 one senior members of the Trust.
- (b) Every tender shall be received via the Trust's electronic tendering system, and the record of the date opened and by whom it was opened by shall be recorded electronically via the Trust's electronic tendering system.
- (c) The Trust's electronic tendering system shall keep a full audit trail, for each set of competitive tender invitations dispatched to show:
 - the names of firms/individuals from which tenders have been received;
 - the date the tenders were opened;
 - the person who opened the tenders;
 - the price shown on each tender;
- (d) Incomplete tenders, i.e. those from which information necessary for the adjudication of the tender is missing, and amended tenders i.e., those amended by the tenderer upon his own initiative either orally or in writing after the due time for receipt, but prior to the opening of other tenders, should be dealt with in the same way as late tenders. (Standing Order No. 7.5.5 below).

7.5.4 Admissibility

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

7.5.5 Late tenders

- (a) Tenders received after the due time and date, but prior to the opening of the other tenders, may be considered only if the Chief Executive or his nominated officer decides that there are exceptional circumstances i.e. dispatched in good time but delayed through no fault of the tenderer.

- (b) While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall remain unopened, until a decision is made by the Chief Executive or his nominated officer.

7.5.6 Acceptance of formal tenders (See overlap with SFI No. 7.6)

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

7.5.7 Tender reports to the Trust Board

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

7.6 Quotations: Competitive and non-competitive

7.6.1 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 £50,000.

7.6.2 Competitive Quotations

- (a) 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.
- (b) Quotations should be in writing unless the Chief Executive or his nominated officer determines that it is impractical to do so in which case quotations may be obtained by telephone. Confirmation of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record.
- (c) All quotations should be treated as confidential and should be retained for inspection.
- (d) The Chief Executive or his nominated officer should evaluate the quotation and select the quote which gives the best value for money. If this is not the lowest quotation if payment is to be made by the Trust, or the highest if payment is to be received by the Trust, then the choice made and the reasons why should be recorded in a permanent record.

7.6.3 Non-Competitive Quotations

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

- (a) the supply of proprietary or other goods of a special character and the rendering of services of a special character, for which it is not, 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.: (a) and (b) of this SFI) apply.

7.6.4 Quotations to be within Financial Limits

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

7.7 Authorisation of Tenders and Competitive Quotations

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

Designated budget holders	up to	£5,000
Director of Finance	up to	£250,000
Chief Executive	up to	£500,000
Board of Directors	over	£500,000

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

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

7.8 Instances where formal competitive tendering or competitive quotation is not required

Where competitive tendering or a competitive quotation is not required the Trust shall procure goods and services in accordance with procurement procedures approved by the Director of Finance.

7.9.1 Investments

All investments that are high risk must be reviewed in line with "Risk Evaluator for Investment Decisions by NHS Foundation Trusts" published by Monitor.

High risk investments are defined as:

- (a) Reportable transactions: all investments that are reportable to Monitor under the thresholds for reporting investments in the Compliance Framework.

- (b) Other transactions: all investments that may have any one or more of the following:
 - (i) An equity component, which includes shares and securities, debt instruments, convertible as equity, options conferring the right to acquire equity in the future;
 - (ii) Significant reputational risk;
 - (iii) The potential to destabilise the core business;
 - (iv) The creation of material contingent liabilities.

7.9.2 Private Finance Investments

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 DH and Monitor for review under REID guidance.
- (c) The proposal must be specifically agreed by the Board of the Trust and should be consistent with guidance in “Risk Evaluations for Investment Decisions by NHS Foundation Trust’s” published by Monitor. Commissioners will be required to confirm that they want the services proposed in the planned location and that the activity levels proposed in the business case are realistic.
- (d) The PFI proposal will be reviewed by Monitor who will not approve or reject the scheme but review it to ensure the financial viability of the Foundation Trust. The Trust Board will take into consideration the findings of the Monitor review and likely impact on Financial Risk Ratings.
- (e) the DH and HMT will have a key role if a Deed of Safeguard is required and requirements are included within “New Delegated Limits for capital Investment” – June 2003
- (f) The selection of a contractor/finance company must be on the basis of competitive tendering or quotations.

- (c) The proposal must be specifically approved by the Board of the Trust.
- (d) The selection of a contractor/finance company must be on the basis of competitive tendering or quotations.

7.10 Compliance requirements for all contracts

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

- (a) The Trust's Standing Orders and Standing Financial Instructions;
- (b) Public Contract Regulation 2015 and other statutory provisions;
- (c) any relevant directions including the Capital Investment Manual, Estatecode and guidance on the Procurement and Management of Consultants;
- (d) such of the NHS Standard Contract Conditions as are applicable.
- (e) contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance.
- (f) Where appropriate contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited.
- (g) In all contracts made by the Trust, the Board shall endeavour to obtain best value for money by use of all systems in place. The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Trust.

7.11 Personnel and Agency or Temporary Staff Contracts

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

7.12 Healthcare Services Agreements

Service agreements with NHS providers for the supply of healthcare services shall be drawn up in accordance with the NHS and Community Care Act 1990 and administered by the Trust.

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

7.13 Disposals

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 £1,000, this figure to be reviewed on a periodic basis;
- (d) items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;
- (e) land or buildings concerning which DH guidance has been issued but subject to compliance with such guidance.

7.14 In-house Services

7.14.1 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.

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

- (a) Specification group, comprising the Chief Executive or nominated officer/s and specialist.
- (b) In-house tender group, comprising a nominee of the Chief Executive and technical support.
- (c) Evaluation team, comprising normally a specialist officer, a supplies officer and a Director of Finance representative. For services having a likely annual expenditure exceeding £ 250,000, a non-officer member should be a member of the evaluation team.

7.14.3 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.

7.14.4 The evaluation team shall make recommendations to the Board.

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

7.15 Significant Transactions

7.15.1 The Trust may enter into a significant transaction only if more than half of the members of the Council of Governors of the Trust present and eligible to vote approve entering into the transaction.

The governors have agreed a definition of 'significant transaction' consistent with the thresholds used by Monitor in its Compliance Framework and REID (Risk Evaluation for Investment Decisions by NHS Foundation Trusts) guidance, i.e.

- >25% of gross assets subject to the transaction divided by the gross assets of the trust; or
- >25% of the income attributable to the assets or the contract associated with the transaction, divided by the income of the trust, or
- >25% of the company or business being acquired or divested, divided by the total capital of the trust following completion or the effects on the total capital of the foundation trust resulting from a transaction.

8. NHS SERVICE AGREEMENTS FOR PROVISION OF SERVICES

8.1 The Board of Directors of the Foundation Trust shall regularly review and shall at all times maintain and ensure the capacity and capability of the Foundation Trust to provide the mandatory goods and services referred to in the Provider Licence and related Schedules.

8.2 Legally Binding Contracts

The Chief Executive, as the accountable officer, is responsible for ensuring the Trust enters into suitable Legally Binding Contracts with Clinical Commissioning Groups (CCGs) and the relevant Area Team of NHS England and for the provision of NHS services.

8.2.1 The Trust will follow the priorities contained within the schedules of the contract, (and wherever possible, be based upon integrated care pathways to reflect expected patient experience.)

8.2.2 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) ability to provide timely and accurate information/reports relating to agreed CQUIN targets;

(e) the provision of agreed information regarding outcome measures.

8.2.3 A good legally binding contract (LBC) will result from a dialogue of clinicians, users, carers, public health professionals and managers. It will reflect knowledge of local needs and inequalities.

8.2.4 This will require the Chief Executive to ensure that the Foundation Trust works with all partner agencies involved in both the delivery and the commissioning of the service required.

8.2.5 The Chief Executive, as the accountable officer, will need to ensure that regular reports are provided to the Board of Directors detailing actual and forecast income from the LBC. This will include appropriate payment by results performance information.

8.2.6 Contract prices shall be in accordance with the National Tariff and guidance as applicable and for those services excluded from the tariff will be subject to negotiation with contracting organisation as to the most appropriate currency.

8.3 Involving Partners and Jointly Managing Risk

A good agreement will result from a dialogue of clinicians, users, carers, public health professionals and managers. It will reflect knowledge of local needs and inequalities. This will require the Chief Executive to ensure that the Trust works with all partner agencies involved in both the delivery and the commissioning of the service required. The agreement 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.

8.4 Reports to Board on Agreements

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 agreements. 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 agreements.

8.5 Non Commercial Contract

8.5.1 Where the Trust enters into a relationship with another organisation for the supply or receipt of other services – clinical or non-clinical, the responsible officer should ensure that an appropriate non-commercial contract is present and signed by both parties. This should incorporate:

- A description of the service and indicative activity levels
- The term of the agreement
- The value of the agreement
- The lead officer
- performance and dispute resolution procedures
- Risk management and clinical governance agreements.

8.5.2 Non-commercial contracts should be reviewed and agreed on an annual basis or as determined by the term of the agreement so as to ensure value for money and to minimise the potential loss of income.

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

9.1 Remuneration and Terms of Service

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

9.1.2 The Committee will:

- (a) advise the Board about appropriate remuneration and terms of service for the Chief Executive, other officer members employed by the Trust and other senior employees including:
 - (i) all aspects of salary (including any performance-related elements/ bonuses);
 - (ii) provisions for other benefits, including pensions and cars;
 - (iii) arrangements for termination of employment and other contractual terms;

- (b) make such recommendations to the Board on the remuneration and terms of service of officer members of the Board (and other senior employees) to ensure they are fairly rewarded for their individual contribution to the Trust - having proper regard to the Trust's circumstances and performance and to the provisions of any national arrangements for such members and staff where appropriate;
- (c) monitor and evaluate the performance of individual officer members (and other senior employees);
- (d) advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.

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

9.1.4 The Board will consider and need to approve proposals presented by the Chief Executive for the setting of remuneration and conditions of service for those employees and officers not covered by the Committee.

9.1.5 The Council of Governors, at a General Meeting will decide the remuneration and allowances, and the other terms and conditions of office of the Non-executive Directors.

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 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.

9.4 Processing Payroll

9.4.1 The Chief People Officer 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 Chief People Officer 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;

9.4.3 The Director of Finance will issue instructions regarding:

- (a) procedures for payment by cheque, bank credit, or cash to employees and officers;
- (b) procedures for the recall of cheques and bank credits;
- (c) pay advances and their recovery;
- (d) maintenance of regular and independent reconciliation of pay control accounts;

- (e) separation of duties of preparing records and handling cash;
- (f) a system to ensure the recovery from those leaving the employment of the Trust of sums of money and property due by them to the Trust.

9.4.4 Appropriately nominated managers have delegated responsibility for:

- (a) processing a signed copy of the contract/ appointment form and other such documentation as may be required immediately upon an employee commencing duty.
- (b) submitting time records, and other notifications in accordance with agreed timetables;
- (c) completing time records and other notifications in accordance with the Director of Finance's instructions and in the form prescribed by the Director of Finance;
- (d) submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's or officer's resignation, termination or retirement. Where an employee fails to report for duty or to fulfil obligations in circumstances that suggest they have left without notice, the Director of Finance must be informed immediately.

9.4.5 Regardless of the arrangements for providing the payroll service, the Director of Finance shall ensure that the chosen method is supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures and 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 and health & Safety 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 (which should be updated and reviewed on an on-going basis);
- (b) the maximum level of each requisition and the system for authorisation above that level;
- (c) where the authorisation system is computerised the list will be maintained within the computerised system and the 'signature' will be in the form of electronic authorisation in accordance with the access and authority controls maintained within the computerised system.

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

10.2 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services

10.2.1 Requisitioning

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

10.2.2 System of Payment and Payment Verification

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

10.2.3 The Director of Finance will:

- (a) advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in 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 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

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)
- (b) The appropriate officer must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the Trust if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments;
- (c) The Director of Finance will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold);
- (d) The budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate Director or Chief Executive if problems are encountered.

10.2.5 Official orders

Official Orders must:

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

10.2.6 Duties of Managers and Officers

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

- (a) all contracts (except as otherwise provided for in the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Director of Finance in advance of any commitment being made;
- (b) contracts above specified thresholds are advertised and awarded in accordance with EU and GATT rules on public procurement and comply with the White Paper on Standards, Quality and International Competitiveness (CMND 8621);

- (c) where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health;
- (d) no order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to directors or employees, other than:
 - (i) isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;
 - (ii) conventional hospitality, such as lunches in the course of working visits;

(This provision needs to be read in conjunction with Standing Order No. 6 and the principles outlined in the national guidance contained in HSG 93(5) "Standards of Business Conduct for NHS Staff");

- (e) no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Director of Finance on behalf of the Chief Executive;
- (f) all goods, services, or works are ordered on an official order except works and services executed in accordance with a contract and purchases from petty cash;
- (g) verbal orders must only be issued very exceptionally - by an employee designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "Confirmation Order";
- (h) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- (i) goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;
- (j) changes to the list of employees and officers authorised to certify invoices are notified to the Director of Finance;
- (k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance;
- (l) petty cash records are maintained in a form as determined by the Director of Finance.

10.2.7 Under no circumstances should goods be ordered through the Foundation Trust for personal or private use with the exception of permitted schemes such as lease cars or cycle to work.

10.3 Joint Finance Arrangements with Local Authorities and Voluntary Bodies

- 10.3.1 Payments to local authorities and voluntary organisations made in accordance with statutory powers shall comply with procedures laid down by the Director of Finance.

11. EXTERNAL BORROWING AND INVESTMENTS

11.1 Public Dividend Capital

- 11.1.1 On authorisation as a Foundation Trust the Public Dividend Capital held immediately prior to authorisation continues to be held on the same conditions.
- 11.1.2 Additional Public Dividend Capital may be made available on such terms the Secretary of State (with the consent of the Treasury) decides.
- 11.1.3 Draw down of Public Dividend Capital should be authorised in accordance with the mandate held by the Department of Health Cash Funding Team, and is subject to approval by the Secretary of State.
- 11.1.4 The Foundation Trust shall be required to pay annually to the Department of Health a dividend on its Public Dividend Capital at a rate to be determined from time to time, by the Secretary of State.
- 11.1.5 The Director of Finance will advise the Board concerning the Trust's ability to pay interest on, and repay, both the Public Dividend Capital and any proposed new borrowing, within the limits set by Monitor. The Director of Finance is also responsible for reporting periodically to the Board concerning the Public Dividend Capital and all loans and overdrafts.
- 11.1.6 Any application for a loan or overdraft will only be made by the Director of Finance or by an employee so delegated by him/her.
- 11.1.7 The Director of Finance must prepare detailed procedural instructions concerning applications for loans and overdrafts.
- 11.1.8 All short term borrowings should be kept to the minimum period of time possible, consistent with the overall cash flow position. Any short term borrowing requirement in excess of one month must be authorised in accordance with the Treasury Management policy.
- 11.1.9 All long term borrowing must be consistent with the plans outlined in the current Business Plan.

11.2 Department of Health Working Capital Loan Facility

- 11.2.1 The Foundation Trust must (if required) ensure that a commercial working capital facility is available in accordance with the requirements.
- 11.2.2 The Commercial Working Capital Facility should be reviewed every two years to ensure value for money.
- 11.2.3 The Trust must have procedures in place for the draw down against the facility to ensure that only appropriate authorised transactions take place. The transactions should be in accordance with the terms and conditions of the facility.

11.3 Commercial Borrowing & Investment

- 11.3.1 The Foundation Trust may borrow money from any commercial or public sector source for the purposes of or in connection with its functions.
- 11.3.2 The Foundation Trust may invest money for the purposes of or in connection with its functions. Such investment may include forming, or participating in forming, or otherwise acquiring membership of bodies corporate.
- 11.3.3 The Foundation Trust may also give financial assistance (whether by way of loan. Guarantee or otherwise) to any person for the purposes of or in connection with its functions.
- 11.3.4 Temporary cash surpluses must be held only in such public or private sector investments as approved in the Treasury Management Policy.
- 11.3.5 The Director of Finance is responsible for advising the Board of Directors on investments and shall report periodically to the Board concerning the performance of investments held.
- 11.3.6 The Director of Finance will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.
- 11.3.7 The Board will agree the list of employees (including specimens of their signatures) who are authorised to make short term borrowings on behalf of the Trust. This must contain the Chief Executive and the Director of Finance.
- 11.3.8 Any short-term borrowing must be with the authority of two members of an authorised panel, one of which must be the Chief Executive or the Director of Finance. The Board must be made aware of all short-term borrowings at the next Board meeting.
- 11.3.9 All long-term borrowing must be consistent with the plans outlined in the current Business Plan and be approved by the Trust Board.

11.4 Investment of Temporary Surpluses

- 11.4.1 Temporary cash surpluses must be held only in such public and private sector investments as authorised by the Board of Directors.
- 11.4.2 The Resources and Business Development Committee is responsible for establishing and monitoring an appropriate investment strategy.
- 11.4.3 Investments should only be made in accordance with the approved Treasury Management Policy which will incorporate guidance from Monitor as appropriate.
- 11.4.4 The Director of Finance is responsible for advising the Board of Directors on investments and shall report periodically to the Board of Directors concerning the performance of investments held.
- 11.4.5 The Director of Finance will prepare detailed procedural instructions on investment operations and on the records to be maintained.

12. FINANCIAL FRAMEWORK

- 12.1.1 The 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. It also contains directions to NHS England regarding resource and capital allocation and funding to Trust's. The Director of Finance should also ensure that the direction and guidance in the framework is followed by the Trust.

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

13.1 Capital Investment

- 13.1.1 The Chief Executive:
 - (a) shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon business plans;
 - (b) is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;
 - (c) shall ensure that the capital investment is not undertaken without the availability of resources to finance all revenue consequences, including capital charges and confirmation of purchaser(s) support if required.
 - (d) is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost.
- 13.1.2 Monitor will need to be notified if the Foundation Trust has plans for material or significant investments.

Material investments are defined by Monitor as >10% of the Foundation Trusts gross asset base, > 10% of the Foundation Trusts income or > 10% of gross capital of the company or business being acquired / divested.

Significant investments / transactions are defined by Monitor as > 25% of gross assets or > 25% of income or > 25% of gross capital of the company or business being acquired / divested.

Material investments can, under specific conditions set out in Monitor's Compliance Framework, be approved by the Foundation Trust's Board of Directors.

Significant investments must be assessed by Monitor before the Foundation Trust can proceed.

All PFI transactions require Monitor assessment.

All decisions to borrow money, from any source, will be rigorously reviewed by the Board of Directors and the Foundation Trust will undertake its own financial Due Diligence using independent financial experts prior to making any decision.

- 13.1.3 The Director of Finance shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with Inland Revenue guidance.
- 13.1.4 The Director of Finance shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.
- 13.1.5 The approval of a capital programme shall not constitute approval for expenditure on any scheme.

The Chief Executive shall issue to the manager responsible for any scheme:

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

The Chief Executive will issue a scheme of delegation for capital investment management in accordance with "CONCODE" guidance, the NHS Foundation Trust Capital Accounting Manual and the Foundation Trust Standing Orders.

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

13.2 Asset Registers

- 13.2.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Director of Finance concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted once a year.
- 13.2.2 Each Trust shall maintain an asset register recording fixed assets. As a minimum, the minimum data set to be held within these registers shall be as specified in the Capital Accounting Manual as issued by Monitor.
- 13.2.3 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.
 - (d) Independent valuation of assets
- 13.2.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).
- 13.2.5 The Director of Finance shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 13.2.6 The value of each asset shall be adjusted to current values in accordance with the principles outlined in the Annual Reporting Manual issued by Monitor and the value of each asset shall be depreciated also using with the principles outlined in the Annual Reporting Manual.

13.3 Security of Assets

- 13.3.1 The overall control of fixed assets is the responsibility of the Chief Executive.
- 13.3.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Director of Finance. This procedure shall make provision for:
- (a) recording managerial responsibility for each asset;

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

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

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

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

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

14. STORES AND RECEIPT OF GOODS

14.1 General position

14.1.1 Stores, defined in terms of areas with items of controlled stock should be:

- (a) kept to a minimum;
- (b) subjected to appropriate stock take arrangements;
- (c) valued at the lower of cost and net realisable value.

14.2 Control of Stores, Stocktaking, condemnations and disposal

14.2.1 Subject to the responsibility of the Director of Finance for the systems of control, overall responsibility for the control of stores shall be delegated to an employee by

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

- 14.2.2 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.
- 14.2.3 The Director of Finance shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.
- 14.2.4 Stocktaking arrangements shall be agreed with the Director of Finance and there shall be a physical check covering all items in store at least once a year.
- 14.2.5 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Director of Finance.
- 14.2.6 The designated Manager/Pharmaceutical Officer shall be responsible for a system approved by the Director of Finance for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Director of Finance any evidence of significant overstocking and of any negligence or malpractice (see also overlap with SFI No. 15 Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

14.3 Goods supplied by NHS Supply Chain

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

14.4 Receipt of Goods

- 14.4.1 A delivery note shall be obtained from the supplier at the time of delivery and shall be signed by the person receiving the goods. All goods received shall be checked, by the appropriate department, as regards quantity and/or weight and inspected as to quality and specification. Instructions shall be issued to staff covering the procedures to be adopted in those cases where a delivery note is not available.
- 14.4.2 All goods received shall be entered onto an appropriate goods received/stock record (whether a computer or manual system) on the day of receipt. If goods

received are unsatisfactory, the records shall be marked accordingly. Further, where the goods received are found to be unsatisfactory, or short on delivery, they shall only be accepted on the authority of the designated officer and the supplier shall be notified immediately.

14.5 Issue of Stocks

14.5.1 The issue of stocks shall be supplied by an authorised requisition note and a receipt for the stock issued shall be returned to the designated officer. Where a 'topping up' system is used, a record shall be maintained as approved by the Director of Finance. Regular comparisons shall be made of the quantities issued to wards/departments etc. and explanations recorded of significant variations.

14.5.2 All transfers and returns shall be recorded on forms/systems provided for the purpose and approved by the Director of Finance.

15. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

15.1 Disposals and Condemnations

15.1.1 Procedures

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

15.1.2 When it is decided to dispose of a Trust asset, the Head of Department or authorised deputy will determine and advise the Director of Finance of the estimated market value of the item, taking account of professional advice where appropriate. For protected assets see section 13.5 of these SFIS.

15.1.3 All unserviceable articles shall be:

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

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

15.2 Losses and Special Payments

15.2.1 Procedures

The Director of Finance must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments. The Director of Finance must also prepare a fraud response plan that sets out the action to be taken both by persons detecting a suspected fraud and those persons responsible for investigating it.

Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately inform the Chief Executive and the Director of Finance or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Director of Finance and/or Chief Executive. Where a criminal offence is suspected, the Director of Finance must immediately inform the police if theft or arson is involved. In cases of fraud, bribery and corruption or anomalies which may indicate fraud, bribery or corruption, the Director of Finance must inform the Local Counter Fraud Specialist who will in turn notify the NHS Counter Fraud Authority in accordance with established fraud notification procedures as set out in the NHS Counter Fraud Manual. The Director of Finance must also notify the External Auditor of all frauds.

15.2.2 The Director of Finance must notify NHS Protect and the External Auditor of all frauds.

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

(a) the Board,

(b) the External Auditor.

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

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

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

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

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

15.2.9 All losses and special payments must be reported to the Audit and Risk Committee six monthly.

15.3 Compensation Claims

15.3.1 The Foundation Trust is committed to effective and timely investigation and response to any claim which includes allegations of clinical negligence, employee and other compensation claims. The Foundation Trust will follow the requirements and note the recommendations of the Department of Health, and the NHS Litigation Authority (NHSLA) in the management of claims. Every member of staff is expected to co-operate fully, as required, in assessment and management of each claim.

15.3.2 The Foundation Trust will seek to reduce the incidence and adverse impact of clinical negligence, employee and other litigation by :-

- Adopting prudent risk management strategies including continuous review.
- Implementing in full the NHS Complaints Procedure, thus providing an alternative remedy for some potential litigants.
- Adopting a systematic approach to claims handling in line with the best current and cost effective practice.
- Following guidance issued by the NHSLA relating to clinical negligence.
- Complying with the Care Quality Commission's Essential Standards of Quality and Safety.
- Implementing an effective system of Clinical Governance

15.3.3 The Chief Medical Officer is responsible for clinical negligence: for managing the claims process and informing the Board of Directors of any major developments on claims related issues.

16. INFORMATION TECHNOLOGY

16.1 Responsibilities and duties of the Director of Finance

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

- (a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Trust's data, programs and computer hardware for which the Director is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998 (updated 2000) and the Computer Misuse Act 1990;
- (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.

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

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

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

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

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

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

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

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

16.4 Information Governance

The Head of Procurement together with the Information Governance Manager are to ensure that all Trust contracts and SLAs have appropriate clauses to protect the Trust and its staff, patients and other stakeholders from any risk of breach of confidentiality of breach of Information Governance standards. However, it is the responsibility of the individual manager to ensure compliance with IG standards when entering into contractual arrangements on behalf of the Trust.

16.5 Risk Assessment

The 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.

The Foundation Trust shall disclose to Monitor and directly to any third parties, as may be specified by the Secretary of State, the information, if any, specified in the Provider Licence, Schedule 6. Other information, as requested, shall be provided to Monitor.

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

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

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

17. PATIENTS' PROPERTY

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

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

- notices and information booklets; (***notices are subject to sensitivity guidance***)
- hospital admission documentation and property records;
- the oral advice of administrative and nursing staff responsible for admissions,

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

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

17.3 A patient's property record, in a form determined by the Director of Finance shall be completed in respect of the following:

- (a) property handed in for safe custody by any patient (or guardian as appropriate); and
- (b) property taken into safe custody having been found in the possessions of:
 - mentally disordered patients
 - confused and/or disorientated patients
 - unconscious patients
 - patients dying in hospital
 - patients found dead on arrival at hospital (property removed by police)
- (c) A record shall be completed in respect of all persons in category b, including a nil return if no property is taken into safe custody.

17.4 The record shall be completed by a member of the hospital staff in the presence of a second member of staff and the patient (or representative) where practicable. It shall then be signed by both members of staff and by the patient, except where the latter is restricted by physical or mental incapacity. Any alterations shall be validated by signature as required in the original entry on the record.

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

- 17.6** Patients' income, including pensions and allowances, shall be dealt with in accordance with current Department of Works and Pensions instructions. For long stay patients, the Chief Executive shall ensure that positive action is taken to use their funds effectively and so reduce balances accruing.
- 17.7** Refunds of cash handed in for safe custody will be dealt with in accordance with current Department of Works and Pensions instructions. Property other than cash, which has been handed in for safe custody, shall be returned to the patient as required, by the officer who has been responsible for its security. The return shall be receipted by the patient or guardian as appropriate and witnessed.
- 17.8** In all cases where property of a deceased patient is of a total value in excess of £5,000 (or such other amount as may be prescribed by any amendment to the Administration of Estates, Small Payments, Act 1965), the production of Probate or Letters of Administration shall be required before any of the property is released. Where the total value of property is £5,000 or less, forms of indemnity shall be obtained.
- 17.9** In respect of deceased patients, if there is no will and no lawful next of kin the property vests in the Crown and particulars shall, therefore, be notified to the Treasury Solicitor.
- 17.10** Any funeral expenses necessarily borne by the Foundation Trust are a first charge on a deceased persons estate. Where arrangements for burial or cremation are not made privately, any element of the estate held by the Foundation Trust may be appropriated towards funeral expenses, upon the authorisation of the Director of Finance.
- 17.11** Staff should be informed, on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.
- 17.11 Where patients' property or income is received for specific purposes and held for safekeeping the property or income shall be used only for that purpose, unless any variation is approved by the donor or patient in writing.

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

The Director of Finance 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 circular HSG (93) 5 'Standards of Business Conduct for NHS Staff' and the provisions of the Bribery Act 2011; it is also deemed to be an integral part of these Standing Orders and Standing Financial Instructions.

19. RETENTION OF RECORDS

19.1 Context

All NHS records are public records under the terms of the Public Records Act 1958 section 3 (1) – (2). The Secretary of State for Health and all NHS organisations have a duty under this Act to make arrangements for the safe keeping and eventual disposal of all types of records. In addition, the requirements of the Data Protection Act 2018 and the Freedom of Information Act 2000 must be achieved.

19.2 Accountability

The Chief Executive and senior managers are personally accountable for records management within the organisation. Additionally, the organisation is required to take positive ownership of, and responsibility for, the records legacy of predecessor organisations and / or obsolete services. Under the Public Records Act all NHS employees are responsible for any records that they create or use in the course of their duties. Thus any records created by an employee of the NHS are public records and may be subject to both legal and professional obligations.

The Chief Executive shall be responsible for maintaining archives for all documents required to be retained under the direction contained in Department of Health guidance, Records Management Code of Practice.

19.3 Types of Record Covered by the Code of Practice

The guidelines apply to NHS records of all types (including records of NHS patients treated on behalf of the NHS in the private healthcare sector) regardless of the media on which they are held:

- Patient health records (electronic or paper based)
- Records of private patients seen on NHS premises;
- Accident and emergency, birth and all other registers;
- Theatre registers and minor operations (and other related) registers;
- Administrative records (including e.g. personnel, estates, financial and accounting records, notes associated with complaint-handling);
- X-ray and imaging reports, output and other images;
- Photographs, slides and other images;
- Microform (i.e. fiche / film)
- Audio and video tapes, cassettes, CD-ROM etc.
- Emails;
- Computerised records;
- Scanned records;
- Text messages (both out-going from the NHS and in-coming responses from the patient)

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

19.5 Records held in accordance with the Records Management Code of Practice guidance shall only be destroyed at the express instigation of the Chief Executive. Detail shall be maintained of records so destroyed.

20. RISK MANAGEMENT AND INSURANCE

20.1 Programme of Risk Management

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

The programme of risk management shall include:

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

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

20.2 Insurance: Risk Pooling Schemes administered by NHS Resolution

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

20.3 Insurance arrangements with commercial insurers

The Director of Finance will be responsible for ensuring the Trust has adequate insurance cover and will make recommendations to the Trust Board on areas to be covered by commercial insurance.

21. CUSTODY OF THE SEAL, SEALING OF AND SIGNING OF DOCUMENTS

21.1 Sealing documents

21.1.1 As set out in the Standing Orders and Scheme of Delegation, the Director of Corporate Affairs on behalf of the Chief Executive shall keep the Common Seal of the Trust.

21.1.2 A document purporting to be duly executed under the Trust's seal or to be signed on its behalf is to be received in evidence and, unless the contrary is proved, taken to be so executed or signed. The Trust is to have a seal, but this is not to be affixed except under the authority of the Board of Directors.

21.2 Requirements to seal

21.2.1 It is a legal requirement to place any property transactions e.g. purchase, sale, and lease, under seal.

21.2.2 Other contracts/documentation should be approved by an authorised signatory 'under hand' i.e. signed.

21.2.3 Before any building, engineering, property or capital document is sealed it must be approved and signed by the Director of Finance (or an officer nominated by him/her) and authorised and countersigned by the Chief Executive (or an officer nominated by him/her who shall not be within the originating directorate).

21.3 Register of sealing

21.3.1 An entry of every sealing shall be made and numbered consecutively in a book provided for that purpose, and shall be signed by the persons who shall have approved and authorised the document and those who attested the seal.

21.3.2 A report of all sealings shall be made to the Board at least annually. The report shall contain details of the seal number, the description of the document and date of sealing.

21.4 Signature of documents

21.4.1 Delegated authority in legal proceedings

Where the signature of any document will be a necessary step in legal proceedings involving the Trust, it shall be signed by the Chief Executive or an officer acting on his/her behalf, unless any enactment otherwise requires or authorises, or the Board shall have given the necessary authority to some other person for the purpose of such proceedings.

21.4.2 Delegated authority not required to be executed under deed.

The Chief Executive or nominated officers shall be authorised, by resolution of the Board, to sign on behalf of the Foundation Trust any agreement or other document (not required to be executed as a deed) the subject matter of which has been approved by the Board or committee or sub-committee to which the Board has delegated appropriate authority.

22 MISCELLANEOUS

22.1. New Employee Notification of SFIs

22.1.1 It is the duty of the Chief Executive to ensure that existing members and officers and all new appointees are notified of and understand their responsibilities within Standing Financial Instructions. Updated copies shall be issued to staff designated by the Chief Executive.

22.2 Review of Standing Financial Instructions

22.2.1 SFIs shall be reviewed annually by the Audit and Risk Committee