



**University Hospitals of
Derby and Burton**
NHS Foundation Trust

Standing Financial Instructions

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Lead Director: Executive Chief Financial Officer

FOREWORD

- 1 Standing Financial Instructions (SFIs) are designed to ensure regularity and propriety of financial transactions. SFIs define the purpose, responsibilities, legal framework and operating environment of the Trust.
- 2 SFIs should be read together with the Constitution, Standing Orders, Schemes of Delegation and Reservation and Operational Delegated Limits.
- 3 All Executive Members, Non-Executive Members and all Officers should be aware of the existence of these documents and be familiar with their detailed provisions.
- 4 Should any difficulties arise regarding the interpretation or application of any of these Standing Financial Instructions, the advice of the Chief Finance Officer or their deputies should be sought before acting.
- 5 Failure to comply with the Standing Orders, the Standing Financial Instructions and the Schemes of Delegation, may result in disciplinary action in accordance with the applicable policy and procedure in operation at that time

INDEX

STANDING FINANCIAL INSTRUCTIONS	0
1. INTRODUCTION	4
1.1 Authority & Compliance.....	4
1.2 Terminology	5
1.3 Responsibilities and Delegation	7
2. AUDIT, FRAUD AND CORRUPTION, SECURITY MANAGEMENT	9
2.1 Financial and Risk Audit Committee	9
2.2 Executive Chief Financial Officer Responsibilities	9
2.3 Role of Internal Audit	10
2.4 External Audit Appointment	11
2.5 Role of External Audit	11
2.6 Fraud and Corruption	12
2.7 Security Management	13
3. BUSINESS PLANNING, BUDGETS, BUDGETARY CONTROL, AND MONITORING	13
3.1 Preparation, Approval and Submission to NHS England of Annual Business Plans and Budgets	13
3.2 Budgetary Delegation & Virements	14
3.3 Budgetary Control, Financial Management and Reporting.....	15
3.4 Capital Expenditure	16
3.5 Monitoring Performance and Returns	17
4. ANNUAL ACCOUNTS AND REPORTS	17
5. BANK ACCOUNTS	19
5.1 General	19
5.2 Executive Chief Financial Officer responsibilities.....	19
5.3 Banking Procedures	19
5.4 Review of Banking Facilities	20
6.....	20
INCOME, FEES AND CHARGES AND SECURITY OF CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUMENTS	20
6.1 Income Systems	20
6.2 Fees and Charges	20
6.3 Private Patient Income.....	20
6.4 Credit Control.....	21
6.5 Security of Cash, Cheques and other Negotiable Instruments.....	21
7. NHS SERVICE AGREEMENTS FOR PROVISION OF SERVICES	22
8 TENDERING AND CONTRACT PROCEDURE	23
8.1 Duty to comply with SFIs.....	23
8.2 EU Directives Governing Public Procurement	23
8.3 Reverse eAuctions.....	23
8.4 Capital and Other Department of Health and Social Care (DHSC) Guidance	23
8.5 Formal Competitive Tendering	23
8.6 Quotations: Competitive and non-competitive	25
8.7 Instances where formal competitive tendering or competitive quotation is not required	26
8.8 Private Finance Initiative (PFI) for capital procurement	26
8.9 Compliance requirements for all contracts.....	27
8.10 Personnel and Agency or Temporary Staff Contracts.....	27
8.11 Healthcare Services Agreements (See SFI No. 7)	27
8.12 Disposals (See SFI No. 14)	28
8.13 In House Services	28
9.....	28
TERMS OF SERVICE AND PAYMENT OF DIRECTORS AND EMPLOYEES	28
9.1 Remuneration and Terms of Service	28

9.2	Funded Establishment.....	29
9.3	Staff Appointments	29
9.4	Payroll	30
9.5	Contracts of Employment	31
10.	NON-PAY EXPENDITURE	32
10.1	Delegation of Authority	32
10.2	Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services.....	32
10.3	Invoices	36
10.4	List of Authorised Signatories	37
10.5	Petty Cash	37
10.6	Supplier Representatives.....	37
10.7	Prepayments	37
10.8	Purchasing outside the Normal Ordering System.....	37
11.	EXTERNAL BORROWING AND INVESTMENTS	40
11.1	External Borrowing	40
11.2	Investments	40
12.	CAPITAL INVESTMENT, PRIVATE FINANCING, FIXED ASSET REGISTERS AND SECURITY OF ASSETS	41
12.1	Capital Investment.....	41
12.2	Strategic Investment.....	42
12.3	Asset Registers.....	43
12.4	Security of Assets.....	43
13.	STORES AND RECEIPT OF GOODS.....	45
14.	DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS.....	46
14.1	Disposals and Condemnations.....	46
14.2	Losses and Special Payments.....	46
15.	INFORMATION TECHNOLOGY.....	48
15.1	Data Security.....	48
15.2	New Systems / Upgrades.....	48
15.3	Joint Systems	49
15.4	Joint Monitoring and Review of Systems Efficiency	49
15.5	Freedom of Information	50
15.6	Risk Assessment.....	50
16.	PATIENTS' PROPERTY	51
17.	FUNDS HELD ON TRUST.....	52
17.1	Introduction.....	52
18.	RETENTION OF DOCUMENTS	53
19.	RISK MANAGEMENT & INSURANCE	54
19.1	Risk Management	54
19.2	Insurance	54
19.3	Risk Pooling.....	55
19.4	Taxation	55

1. INTRODUCTION

The University Hospitals of Derby and Burton NHS Foundation Trust Financial Framework

1. These Standing Financial Instructions (SFIs) together with the Trust's Standing Orders (SOs) provide a business and financial framework and set the rules within which Directors and officers of the Trust (including employees of third parties contracted to the Trust) shall be expected to work. Together they cover all aspect of (financial) management and control and set out the responsibilities of individuals including the levels of responsibilities clearly delegated to Executives and other senior officers. This includes the Trusts subsidiary companies.
2. These documents together fulfil the roles of:
 - (a) Protecting the interests of the Trust;
 - (b) Explaining financial responsibilities and regulating the conduct of the Trust, its Directors, officers and agents in relation to all financial matters; and
 - (c) Providing the financial framework that will enable officers who comply with it, to be confident that they are acting properly.
3. Any questions relating to SFIs should be referred to the Executive Chief Financial Officer or their deputies as appropriate. The SFIs have been formally adopted by the Board and will be reviewed every three years by the Trust.

1.1 Authority & Compliance

- 1.1.1 These SFIs shall have effect as if incorporated in the SOs of the Trust. As the Board approves SFIs, they may only be overridden with the express authority of the Board in accordance with SO 3.31 relating to suspension of SOs.
- 1.1.2 These SFIs detail the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that its financial transactions are carried out in accordance with the law, requirements of NHS England, and Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Reservation of Powers to the Board and Delegation of Powers adopted by the Trust.
- 1.1.3 These SFIs identify the financial responsibilities that apply to everyone working for the Trust and its constituent organisations including Trading Units. They also apply to everyone involved with the management of funds held on trust. They do not provide detailed procedural advice. These statements should therefore be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Executive Chief Financial Officer.
- 1.1.4 Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of the Executive Chief Financial Officer **MUST BE SOUGHT BEFORE ACTING**. The user of these SFIs should also be familiar with and comply with the provisions of the Trust's SOs.

1.1.5 FAILURE TO COMPLY WITH SFIs AND SOs IS A DISCIPLINARY MATTER WHICH COULD RESULT IN DISMISSAL.

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:

“**The 2006 Act**” means the National Health Service Act 2006;

“**The 2003 Act**” means the Health and Social Care (Community Health and Standards) Act 2003;

“**The 1977 Act**” means the National Health Service Act 1977;

“**The 2012 Act**” means the Health and Social Care Act 2012;

“**Accounting Officer**” means the Officer responsible to Parliament for the resources under their control. 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 (NHS FT) as the Accounting Officer. The Definition of duties and responsibilities of the Accounting Officer are set out within the NHS Foundation Trust Accounting Officer Memorandum;

“**Authorisation**” means an authorisation, including its terms and any variation thereof, given by NHS England;

“**Board**” means the Board of the Trust;

“**Budget**” means a resource, expressed in financial terms, proposed by the Board for the purpose of carrying out, for a specific period, any or all of the functions of the Trust;

“**Budget Holder**” means the Director or employee with delegated authority to manage budgets (Income and Expenditure) for a specific area of the organisation;

“**Chair**” means the person appointed in accordance with the Constitution to lead the Board and Council of Governors and to ensure that it successfully discharges its overall responsibility for the Trust as a whole. The expression “the Chair” shall be deemed to include the Vice-Chair of the Trust if the Chair is absent from the meeting or is otherwise unavailable or another Non-Executive Director acting as Chair in absence of Chair and Vice-Chair.

“**Chief Executive**” means the chief officer of the Trust;

“**Committee**” means a committee of the Board;

“**Constitution**” means the Constitution of the Trust;

“**Council of Governors**” means elected (public and staff governors), and appointed governors

“Executive Director” means a Director of the Trust who must also be an officer

"Director of Finance" means the Executive Chief Financial Officer who is the chief financial officer of the Trust;

“Foundation Trust” means University Hospitals of Derby and Burton NHS Foundation Trust;

“Forecast” means an estimated outcome, usually expressed in financial terms, for the purpose of planning or refining plans for the carrying out of the functions of the Trust over some specified period;

“Funds held on trust” shall mean those funds which the Trust holds at 1st April 1996 or date of incorporation, receives on distribution by statutory instrument or chooses subsequently to accept under powers derived under S.90 of the NHS Act 1977, as amended. Such funds may or may not be charitable;

"Legal Adviser" means the properly qualified person appointed by the Trust to provide legal advice;

“Nominated Officer” means an officer charged with the responsibility for discharging specific tasks within the SOs and SFIs of the Trust;

“Non-Executive Director” means a Director of the Trust who is not an officer of the Trust and is not to be treated as an officer by virtue of the Membership and Procedure Regulations;

“Officer” means employee of the Trust or any other person holding a paid appointment or office within the Trust;

“Other Auditors” auditors other than the auditor appointed pursuant to paragraph 23 of schedule 1 of the 2003 Act and whose functions are set out at schedule 5 of the Act;

" Trust Representative/ Deputy Trust Representative" means the nominated person to act as a single point of contact for all Private Finance Initiatives Agreements (PFI) arrangements.

“Scheme of Delegation” means the Reservation of Powers to the Board and delegation of powers.

“SFIs” means the Standing Financial Instructions of the Trust;

“SOs” means the Standing Orders of the Trust;

“Targets” means a specific measurable outcome, possibly financial, set by agreement of relevant parties for the purpose of focusing the allocation of resources in a desired direction;

"Trust" means the University Hospitals of Derby and Burton NHS FT

“Variance” means the difference, expressed either in absolute terms or as a ratio, between an actual for forecast outcome and a previous forecast or budgeted outcome;

“Virement” means the agreed transfer of money from one budget heading (income or expenditure) to another, within a financial year.

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

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

1.3 Responsibilities and Delegation

1.3.1 The Board exercises financial supervision and control by:

- (a)** Formulating the financial strategy,
- (b)** Requiring the submission and approval of budgets to achieve a “Use of Resources rating” (UoR) agreed with NHS England,
- (c)** Defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money), and
- (d)** Defining specific responsibilities placed on Directors and employees as indicated in the Detailed (Operational) Scheme of Delegation.

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 Decisions Reserved to the Board section of the Reservation of Powers to the Board and Delegation of Powers.

1.3.3 The Board will delegate responsibility for the performance of its functions in accordance with the detailed Scheme of Delegation adopted by the Trust.

Chief Executive

1.3.4 Within the SFIs, it is acknowledged that the Chief Executive is ultimately accountable to the Board. The Chief Executive has overall executive responsibility for the Trust's activities, is responsible to 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 The Chief Executive and Executive Chief Financial Officer will, as far as possible, delegate their detailed responsibilities but they remain accountable for financial control.

1.3.6 It is a duty of the Chief Executive to ensure that existing Directors and employees and all new appointees are notified of and understand their responsibilities within these Instructions.

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

- 1.3.8** The Chief Executive and the Chair must ensure that suitable recovery plans are in place to ensure business continuity in the event of a major incident taking place.

Executive Chief Financial Officer

- 1.3.9** The Executive Chief Financial Officer is responsible for:
- (a)** Implementing the Trust's financial policies and for co-ordinating any corrective action necessary to further these policies;
 - (b)** Maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;
 - (c)** Ensuring that sufficient records are maintained to show and explain the Trust's transactions, in order to disclose, with reasonable accuracy, the financial position of the Trust at any time;

and, without prejudice to any other functions of Directors and employees of the Trust, the duties of the Executive Chief Financial Officer include:

- (d)** The provision of financial advice to the Trust and its Directors, employees and council members;
- (e)** The design, implementation and supervision of systems of internal financial control; and
- (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.

All Directors of the Board and employees

- 1.3.10** All Directors and employees, severally and collectively, are responsible for:
- (a)** The security of the property of the Trust;
 - (b)** Avoiding loss;
 - (c)** Exercising economy and efficiency in the use of resources; and
 - (d)** Conforming with the requirements of SOs, SFIs, financial procedures and the Reservation of Powers to the Board and Delegation of Powers.
- 1.3.11** For any and all Directors and employees who carry out a financial function, the form in which financial records are kept and the manner in which Directors and employees discharge those financial duties must be to the satisfaction of the Executive Chief Financial Officer.

2. AUDIT

2.1 Finance, Investment and Performance Committee and Audit Committee

The Trust shall comply with the directions of the Independent Regulator (NHS England) under paragraph 24(5) of schedule 7 to the 2006 Act with respect as to the standards, procedures and techniques to be adopted.

2.1.1 In accordance with SOs the Board shall formally establish a Finance, Investment and Performance Committee and an Audit Committee, with clearly defined terms of reference. The Committees will, by following relevant guidance such as the NHS Audit Committee Handbook and NHS Code Governance, provide an independent and objective view of internal control.

2.1.2 Where the Finance, Investment and Performance Committee and/or the Audit Committee feels there is evidence of *ultra vires* transactions, evidence of improper acts, or if there are other important matters that the committees wish to raise, the Chair of the Finance, Investment and Performance Committee or Audit Committee should raise the matter at a full meeting of the Board. Exceptionally, the matter may need to be referred to NHS England (via the Executive Chief Financial Officer in the first instance.)

2.1.3 It is the responsibility of the Executive Chief Financial Officer to ensure adequate internal and external audit services are provided and the Audit Committee shall be involved in the selection process when an audit service provider is changed.

2.1.4 The Executive Chief Financial Officer acts as lead officer for the Audit Committee in conjunction with the Executive Director for Corporate Development, supporting the role of the committee and providing advice on governance matters and procedural arrangements in relation to committee meetings.

2.2 Executive Chief Financial Officer Responsibilities

2.2.1 The Executive Chief Financial Officer 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 fraud, misappropriation, and other irregularities; and
- (d) Ensuring that an annual internal audit report is prepared for the consideration of the Audit Committee and the Board. The report must cover:
 - (i) A clear statement on the effectiveness of internal control;
 - (ii) Major internal control weaknesses discovered;
 - (iii) Progress on the implementation of internal audit recommendations;
 - (iv) Progress against the audit plan over the previous year;

- (v) The Strategic audit plan covering the coming three years; and
- (vi) A detailed audit plan for the coming year.

The Executive Chief Financial Officer in collaboration with the Executive Medical Director will seek advice from an appropriate senior manager in developing the Trust's specialist IT Audit programme.

2.2.2 The Executive Chief Financial Officer and/or designated internal 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 employee of the Trust;
- (c) The production of any cash, stores or other property of the Trust under 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; and
- (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; and
 - (iii) Poor value for money or other causes.

Internal Audit shall also independently assess the process in place to ensure the assurance frameworks are in accordance with current guidance from the Care Quality Commission and NHS England.

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

2.3.3 The Head of Internal Audit will normally attend Audit Committee meetings and has a

right of access to all Audit Committee members, the Chair and Chief Executive of the Trust.

- 2.3.4** The Head of Internal Audit shall be accountable to the Executive Chief Financial Officer. The reporting system for internal audit shall be agreed between the Executive Chief Financial Officer, the Audit Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit Manual. The reporting system shall be reviewed at least every 3 years.

2.4 External Audit Appointment

- 2.4.1** The external auditor is appointed, through a formal process, by the Council of Governors at a general meeting, based on recommendations from the Audit Committee. The Audit Committee must ensure a cost-efficient service that meets the criteria set out in the Audit Code for the NHS Foundation Trusts. Any problems relating to the service should be raised with the external auditor.

2.5 Role of External Audit

- 2.5.1** The Trust must ensure that the external auditor appointed by the Council of Governors meets the Criteria included by NHS England within the Audit Code for NHS Foundation Trusts, at the date of appointment and on an ongoing basis throughout the term of their appointment.

External audit responsibilities (in compliance with the requirements of NHS England) are to:

- (a) Be satisfied that the accounts comply with the directions provided, i.e. that the accounts comply with the financial operating guidance for NHS Foundation Trusts;
- (b) Be satisfied that the accounts comply with the requirements of all other provisions contained in, or having effect under, any enactment which is applicable to the accounts e.g. IFRS;
- (c) Be satisfied that proper arrangements have been made for securing economy, efficiency and effectiveness in the use of resources;
- (d) Comply with guidance given by NHS England as to the standards, procedures and techniques to be adopted, i.e. to comply with the Audit Code for Foundation Trusts;
- (e) Consider the issue of a public interest report;
- (f) Certify the completion of the audit;
- (g) Express an opinion on the accounts; and
- (h) To refer the matter to NHS England if the Trust, or a Director or employee of the Trust, makes or is about to make decisions involving potentially unlawful action likely to cause a loss or deficiency.

External auditors will ensure that there is a minimum of duplication of effort between themselves, internal audit and other relevant regulators e.g. NHS England and the

Care Quality Commission.

2.5.2 The external auditors will discharge this responsibility by:

- (a) Reviewing the statements made by the Chief Executive as part of the statement on internal control and making reference within the audit opinion if the statement on internal control is not consistent with their knowledge of the Trust;
- (b) Reviewing the results of the work of other bodies providing assurance, for example the Care Quality Commission, to determine if the results of the work have an impact on their responsibilities; and
- (c) Undertaking any other work that they feel necessary to discharge their responsibilities.

The Trust will provide the external auditor with every facility and all information which he may reasonably require for the purposes of his functions.

2.6 Fraud and Corruption

In line with best practice, the Chief Executive and Executive Chief Financial Officer shall monitor and ensure compliance with the Secretary of State Directions on fraud and corruption.

The Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist (LCFS) as specified by the NHS Counter Fraud and Corruption Manual and Guidance.

The Local Counter Fraud Specialist shall report to the Executive Chief Financial Officer and shall work with staff in the NHS Counter Fraud Service (NHS CFS) and the Counter Fraud Service Operational Fraud Team (OFT) in accordance with the NHS Counter Fraud and Corruption manual.

The Executive Chief Financial Officer must also prepare a 'Counter Fraud Policy and response plan' that sets out the action to be taken both by persons detecting a suspected fraud and those persons responsible for investigating it.

The Local Counter Fraud Specialist will provide a written report, at least annually, on counter fraud work within the Trust.

2.7 Security Management

In line with best practice, the Chief Executive shall monitor and ensure compliance with Directions issued by the Secretary of State for Health on NHS security management.

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

The Trust shall prepare a 'Security Policy' that sets out measures to protect staff, visitors, premises and assets.

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. BUSINESS PLANNING, BUDGETS, BUDGETARY CONTROL, AND MONITORING

The role of the Board is to assess and monitor the Annual Plan and financial performance of the Foundation Trust.

3.1 Preparation, Approval and Submission to NHS England of Annual Business Plans and Budgets

3.1.1 The Chief Executive will compile and submit to the Board an annual business plan which takes into account financial and performance targets and forecast limits of available resources, governance and mandatory services. The annual business plan will contain:

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

The annual business plan will be submitted to NHS England in line with their deadline and guidance and declaration requirements.

3.1.2 For each financial year the Executive Chief Financial Officer 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 annual business plan;
- (b) Accord with workload and workforce plans;
- (c) Be produced following discussion with appropriate budget holders, and Executive Directors;
- (d) Be prepared within the limits of available funds; and
- (e) Identify potential risks.

3.1.3 The Executive Chief Financial Officer shall monitor financial performance against budget and business plan, periodically review the budget and business plan, and report accordingly to the Board.

3.1.4 All budget holders must provide information as required by the Executive Chief Financial Officer to enable budgets to be compiled.

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

3.1.6 The Executive Chief Financial Officer has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them undertake their role successfully.

3.2 Budgetary Delegation & Virements

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

- (a) The amount of the budget,
- (b) The purpose(s) of each budget heading,
- (c) Individual and group responsibilities,
- (d) Authority to exercise virement,
- (e) Achievement of planned levels of service, and
- (f) Reporting requirements.

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

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

3.2.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of either the Chief Executive or the Executive Chief Financial Officer.

3.2.5 All budget virements between Divisions (excluding application of central reserves) must be signed as agreed by both budget holders.

3.2.6 Virements

- (a) The Board delegates the management of a budget to permit the performance of a defined range of activities. Virement is defined as the transfer of budget from this activity to another unrelated activity.
- (b) The Scheme of Delegation defines the limits placed on such virements and the authorisation required.
- (c) Virements must be recorded in the virements register held by the Executive Chief Financial Officer.
- (d) Budget transfers that retain the original purpose of the delegated budget are not included in the definition of virement. Examples of non virement budget transfers are:
 - (i) Establishment skill mixing where service activity is maintained;
 - (ii) Establishment transfers and restructuring where service activity is maintained;
 - (iii) Resource transfers from reserves where purpose of reserve is maintained i.e. transfers from Central Inflation Reserves or from

Divisional Annual Plan Reserves.

3.3 Budgetary Control, Financial Management and Reporting

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

- (a) Monthly financial reports to the Board in a form agreed and approved by the Board which may contain:
 - (i) Income and expenditure to date showing trends and forecast year-end position;
 - (ii) Summary Cash flow and forecast year end position;
 - (iv) Summary balance sheet and movements in working capital
 - (iv) Capital project spend and projected outturn against plan;
 - (v) Explanations of any material variances from plan; and
 - (vi) details of any corrective action where necessary and the Chief Executive's and/or Executive Chief Financial Officer's view of whether such actions are sufficient to correct the situation;
 - (vii) Performance against the Use of Resources Risk Rating (UoR) agreed with NHS England;
- (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.

3.3.2 Cash Flow Monitoring

The Executive Chief Financial Officer is responsible for managing and monitoring the overall cash flow of the Trust and for providing reports thereon to the Board. These reports will include:-

- (a) Comparison of month end outturn with the plan (monthly); and
- (b) Rolling 12-month projection of month end cash balances (quarterly).

3.3.3 Budget Holder Responsibilities

Each Budget Holder is accountable for all income, expenditure and cost improvement plans within their area of responsibility. All budget holders must ensure that:

- (a) They remain within their budget allocation;
- (b) Any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Board;
- (c) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement;
- (d) Establishments are maintained and employees are appointed within the authorisation limits defined in the detailed Scheme of Delegation and Section 9 of the Standing Financial Instructions.
- (e) That any proposal to increase revenue spending has an appropriate funding stream identified and that this has been agreed in line with the Trusts Investment Decision Process. This applies to all revenue developments whether part of the Annual Plan discussions or separate initiatives, however funded;
- (f) They determine appropriately all fees and charges other than those determined by the DHSC or by Statute, subject to the prior approval of the Executive Chief Financial Officer; and
- (g) They identify and implement cost improvements and income generation initiatives in accordance with the requirements of the annual business plan.

3.4 Capital Expenditure

3.4.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. (The particular applications relating to capital are contained in Section 12.) All items of capital expenditure must be referred to the Capital Expenditure Committees (The Strategic Capital Oversight Group, Medical Devices Group, IM&T Group and Estates Combined Project Board for inclusion in the capital planning and approval process.

3.5 Monitoring Performance and Returns

3.5.1 The Chief Executive is responsible for ensuring that;

- (a) Financial performance measures have been defined and are monitored;
- (b) Reasonable targets have been identified for these measures;
- (c) A robust system is in place for managing performance against the targets;
- (d) Reporting lines are in place to ensure overall performance is managed; and
- (e) Arrangements are in place to manage/respond to adverse performance.

3.5.2 In accordance with guidance issued by NHS England the Chief Executive is responsible for ensuring that the Trust provides to NHS England each financial year:

- (a) An annual Business plan including detailed financial projections, which will include the appropriate forward looking financial plan;

- (b) Monthly monitoring reports; and
- (c) Self-certification of performance targets.

The Chief Executive is also responsible for ensuring that the content of these returns is appropriately communicated to the Board and the Council of Governors.

The Chief Executive is responsible for ensuring that any issue which is defined which may materially impact on the Trust's ability to comply with its Authorisation is communicated to the Board, and to the Council of Governors, and reported to NHS England in an exception report.

4. ANNUAL ACCOUNTS AND REPORTS

4.1 The Executive Chief Financial Officer, on behalf of the Trust, will:

- (a) Prepare annual accounts, in respect of each financial year, in such a form as NHS England may, with the approval of Treasury, direct as set out in the DHSC Group Accounting Manual (DHSC GAM) and in accordance with IFRS;
- (b) Prepare financial returns in accordance with the accounting policies and guidance given by NHS England, and follow the guidance in DHSC GAM and UK generally accepted accounting practice (GAAP);
- (c) Prepare and submit annual financial reports to NHS England certified in accordance with current guidelines; and
- (d) Submit financial returns to NHS England for each financial year in accordance with NHS England's guidance.

An auditor appointed by the Council of Governors must audit the Trust's annual accounts. The Trust's audited accounts must be presented to a Governors' meeting and made available to the public.

4.2 The Trust will publish an annual report, in accordance with guidelines and present it at the annual members meeting. The document will comply with NHS England's guidance and a copy will be submitted to NHS England.

4.3 The remuneration and allowances for the Board of Directors are to be disclosed in the annual report.

4.4 The Trust will lay before parliament: a copy of the annual accounts; any audit report relating to the annual accounts; the annual report; and other required statements, in accordance with the relevant Act of Parliament as notified in the FT ARM and GAM; and once it has done so, send a copy to NHS England.

4.5 The Trust will present the annual accounts, any reports of the financial auditor relating to the annual accounts and the annual report to the Council of Governors.

4.6 The Trust's annual accounts and the annual report must be received by the Council of Governors at a public meeting before 30th September of each year.

4.7 The annual accounts and the other required statements are to be signed by the Chief Executive and the Executive Chief Financial Officer, as the accountable officers.

5. BANK ACCOUNTS

5.1 General

5.1.1 The Executive Chief Financial Officer is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and the operation of bank accounts. This advice will take into account guidance issued from time to time by NHS England.

5.1.2 The Board shall approve the banking arrangements.

5.1.3 No employee may open or hold a bank account in the name of the Trust or of its constituent hospitals/departments. Any employee aware of the existence of such an account shall report the matter to the Executive Chief Financial Officer.

5.2 Executive Chief Financial Officer responsibilities

5.2.1 The Executive Chief Financial Officer is responsible for:

- (a) Bank accounts and GBS accounts;
- (b) Establishing separate bank accounts for the Trust's unregulated funds;
- (c) Ensuring payments made from bank or GBS accounts do not exceed the amount credited to the account except where arrangements have been made;
- (d) Reporting to the board on any external borrowing requirements; and
- (e) Ensuring that best value is obtained in securing loan finance and other sources of external funding.

5.3 Banking Procedures

5.3.1 The Executive Chief Financial Officer will prepare detailed instructions on the operation of the bank accounts, which must include:

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

5.3.2 The Executive Chief Financial Officer must advise the Trust's bankers in writing of the conditions under which each account will be operated.

5.3.3 All funds shall be held in the name of the Trust. Only the Chief Executive or Executive Chief Financial Officer (after approval by the Board) can open bank accounts in the name of the Trust.

5.3.4 The Board will approve the Trust's Treasury Management Policy, which sets out guidelines associated with the investment of surplus cash. The guidelines will be

operated on a day-to-day basis by members of the finance department.

5.4 Review of Banking Facilities

5.4.1 The Executive Chief Financial Officer will review the banking arrangements of the Trust at regular intervals to ensure they reflect best practice and represent best value for money.

5.4.2 Competitive tenders for banking facilities will be sought at least every five years.

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

6.1 Income Systems

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

6.1.2 The Executive Chief Financial Officer is also responsible for the prompt banking of all monies received.

6.1.3 The Trust will carry out activities for the purpose of making additional income available to better carry on the Trust's principal purpose, subject to any restrictions in NHS England's Authorisation and as stated in the Constitution.

6.2 Fees and Charges

6.2.1 The Trust shall follow the DHSC national tariff system for Payment by Results (PbR) or other payment mechanism as directed by DHSC and NHS guidance, 'Code of Conduct for Payment by Results' in setting fees and charges.

6.2.2 Fees and charges other than those within PbR or set by statute remain the responsibility of Budget Holders and Service Managers, subject to the prior approval of the Executive Chief Financial Officer.

6.2.3 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 DHSC's 'Commercial sponsorship – Ethical Standards in the NHS' shall be followed.

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

6.2.5 All invoices must be raised by the Finance Department, unless specifically agreed otherwise by the Executive Chief Financial Officer.

6.3 Private Patient Income

6.3.1 All Trust charges incurred for the treatment of private patients must be recorded and collected in accordance with the procedures agreed with the Executive Chief Financial Officer.

6.4 Credit Control

- 6.4.1** The Executive Chief Financial Officer is responsible for an effective credit control system incorporating procedures for recovery action on outstanding debts.
- 6.4.2** Income not received, after appropriate debt chasing action, should be dealt with in accordance with losses procedures. (See section 14)
- 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 Executive Chief Financial Officer 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, (see Managing a Stationery User' Policy);
 - (c) the provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines; and
 - (d) Prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust.
- 6.5.2** Official money shall not under any circumstances be used for the encashment of either private cheques or IOUs.
- 6.5.3** All cheques, postal orders, cash etc., shall be banked promptly and intact. Disbursements shall not be made from cash received, except under arrangements approved by the Executive Chief Financial Officer.
- 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** In accordance with the Money Laundering legislation administered by HM Customs and Excise, the Trust will not accept cash payments for supplies or services in respect of any single transaction where the value is above the limit set out in the Detailed Scheme of Delegation.
- 6.5.6** Where cash collection is undertaken by an external organisation this shall be subject to such security and other conditions as required by the Executive Chief Financial Officer.
- 6.5.7** All payments made on behalf of the Trust to third parties should normally be made using the Bankers Automated Clearing System (BACS), CHAPS or by crossed cheques drawn up in accordance with these instructions, except with the agreement of the Executive Chief Financial Officer.

7. NHS SERVICE AGREEMENTS FOR PROVISION OF SERVICES

- 7.1** The Executive Chief Financial Officer supported by other key individuals across the Trust (nominated by the Executive Chief Financial Officer), is responsible for negotiating contracts with commissioners for the provision of services to patients in accordance with the annual plan.
- 7.2** In carrying out these functions, the Executive Chief Financial Officer should take into account the appropriate advice regarding:
- (a) National PbR and contracting policy, standards and guidance including the Operating Framework and Code of Conduct;
 - (b) Standards of service quality expected;
 - (c) Relevant national service framework (if any);
 - (d) Volume, costing and pricing of services;
 - (e) Payment terms and conditions;
 - (f) Contract negotiation process and timetable;
 - (g) Provision of contract data;
 - (h) Amendments to contracts; and
 - (i) Contractual performance assessment frameworks.
- 7.3** The Executive Chief Financial Officer is responsible for setting the framework, and overseeing the process by which provider contracts, or other contracts for the provision of services by the Trust, are designed and agreed.
- 7.4** Contracts shall comply with best practice and shall be devised to minimise risk whilst maximizing the Trust's opportunity to generate income.
- 7.5** Contracts with commissioners are legally binding and appropriate legal advice, identifying the organisation's liabilities under the terms of the contract should be considered.
- 7.6** The Executive Chief Financial Officer shall produce regular reports detailing actual and forecast contract income with a detailed assessment of the impact of the variable elements of income.

8 TENDERING AND CONTRACT PROCEDURE

8.1 Duty to comply with SFIs

The procedure for entering into all contracts by or on behalf of the Trust shall comply with these SFIs (except where SO 5.14 (Suspension of SOs) is applied).

8.2 Directives Governing Public Procurement

The procedures of the Public Procurement Act 2023 for awarding all forms of contracts shall have effect as if incorporated in these SFIs.

8.3 Capital and Other DHSC Guidance

The Trust shall comply as far as is practicable with the requirements of the “Capital regime, investment and property business approval for NHS Trusts and Foundation Trusts” and “Estatecode” in respect of capital investment and estate and property transactions. In the case of management consultancy contracts the Trust shall comply as far as is practicable with DHSC guidance "The Procurement and Management of Consultants within the NHS". Variation from these procedures should be reported to the Finance and Investment Committee.

8.4 Formal Competitive Tendering

The Trust shall (except where an appropriate national contract or framework agreement exists, e.g. as negotiated by NHSSC/CCS/NHSE/Procurement Hub), ensure that competitive tenders are invited for:

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

Where the Trust elects to invite tenders for the supply of healthcare these SFIs shall apply as far as they are applicable to the tendering procedure.

Only those officers with delegated authority may invite tenders on behalf of the Trust. Details are contained in the Detailed Scheme of Delegation Tendering procedures are set out in procedures held by the Procurement Department.

8.5.1 Formal tendering procedures need not be applied where:-

- (a) The estimated expenditure or income does not, or is not reasonably expected to, exceed the amount defined in the detailed scheme of delegation (Capital S.O.D 5g Non Capital S.O.D. 6f); or
- (b) The supply is proposed under special arrangements negotiated by the DHSC in which event the said special arrangements must be complied with. SEE 8.5 above to name entities to include below
 - Government Body, NHSSC, CCS, DHSC
 - Collaborative Procurement Hub; or
- (c) Regarding disposals as set out in SFI section 14.

8.5.2 Formal tendering procedures may be waived by officers to whom such powers have been delegated by the Trust Board, but only with reference to the Audit Committee as specified in the Scheme of Delegation,

- (a) The timescale genuinely precludes competitive tendering. Failure to plan the work properly is not a justification for single tender; or
- (b) Specialist expertise is required and is available from only one source; or
- (c) The task is essential to complete the project, AND arises as a consequence of a recently completed assignment and as a result different consultants would not have the necessary knowledge to undertake the new task; or
- (d) There is a clear benefit to be gained from maintaining continuity with and knowledge of an earlier project. However in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering; or
- (e) Where provided for in the Capital Investment Manual; or
- (f) Where the requirement is covered by an existing contract; or
- (g) Where the work to be executed or the goods or materials to be supplied consist of repairs to or parts for existing machinery or plant or extensions thereto which for practical reasons must be undertaken by the supplier of the goods or materials; or
- (h) 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 and are generally recognised as having sufficient expertise in the area of work for which they are commissioned; or
- (i) 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.

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

Where it is decided that competitive tendering is not applicable and should be waived by virtue of (a) to (i) above, 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 the next meeting

8.5.3 Fair and Adequate Competition

Except where SFI 8.5.1 and 8.5.2 apply, the Board shall ensure that invitations to tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, normally this should not be less than three firms/individuals, but must never be less than two firms/individuals having regard to their capacity to supply the goods or materials or to undertake the services or works required.

8.5.4 Building and Engineering Construction Works

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

8.5.5 Items which subsequently breach thresholds after original approval

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

8.6 Quotations: Competitive and non-competitive

Quotations are required where formal tendering procedures are waived under SFI 8.5.2 (a) or (c) and where the intended expenditure or income exceeds, or is reasonably expected to exceed the amount defined in the detailed scheme of delegation but does not exceed the limit whereby formal competitive tendering is required. (S.O.D 6a)

8.6.1 Competitive Quotations

Unless SFI 8.6.2 applies, quotations should be obtained from at least two firms/individuals based on specifications or terms of reference prepared by, or on behalf of, the Board.

- (i) Quotations should be in writing unless the Chief Executive or his/her nominated officer determines that it is impractical to do so in which case quotations may be obtained by telephone. Written 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;
- (ii) All quotations should be treated as confidential and should be retained for inspection; and

- (ii) The Chief Executive or his/her nominated officer should evaluate the quotations and select the one that gives the best value for money. If this is not the lowest then this fact and the reasons why the lowest quotation was not chosen should be documented in a permanent record.

8.6.2 Non Competitive Quotations

In the following circumstances there is no requirement to obtain more than one quote but the quote obtained must be in writing:

- a) the supply of proprietary or other goods/services of a special character for which it is not, in the opinion of the Chief Executive or his/her nominated officer, possible or desirable to obtain competitive quotations;
- b) The goods/services are required urgently but failure to plan the work properly is not a justification for seeking only one quotation;
- c) Where the requirement exists under an existing contract; and
- d) Where the expenditure will not exceed limits set out in the detailed scheme of delegation.

The reasons for seeking only one quotation should be documented.

8.6.3 Authorisation of Tenders and Competitive Quotations

For table of authorisations, see detailed scheme of delegation. (S.O.D 5 and 6)

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

Where tenders or quotations are not required, because expenditure is below the limit as set out in the Detailed Scheme of Delegation (Capital Expenditure S.O.D 5g Non Capital Expenditure 6f), the Trust shall procure goods and services in accordance with procurement procedures approved by the Board.

8.8 Private Finance Initiative (PFI) for capital procurement

The Trust should normally test for PFI (Service concessions under IFRIC 12) when considering capital procurement, this includes MES contracts where they are assessed to be within the scope of IFRIC 12. 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) A business case must be referred to the appropriate regulatory authority for approval or treated as per current guidelines;

- (c) The proposal must be specifically agreed by the Board in the light of such professional advice as should reasonably be sought in particular with regard to the legality of the proposal: and
- (d) The selection of a contractor/finance company must be on the basis of competitive tendering or quotations.

8.9 Compliance requirements for all contracts

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

- (a) These SFIs;
- (b) The Trust's SOs;
- (c) UK directives and other statutory provisions;
- (d) Any relevant directions including; Capital investment and property business approval for NHS Trusts and Foundation Trusts, Estatecode and guidance on the Procurement and Management of Consultants; and
- (e) Such of the NHS Standard Contract Conditions as are applicable.

Contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance

Where appropriate contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited.

In all contracts entered into by the Trust, the Board shall endeavour to obtain best value for money. The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Trust.

8.10 Personnel and Agency or Temporary Staff Contracts

The Chief Executive shall nominate officers in accordance with the Detailed Scheme of Delegation (S.O.D 19) to enter into contracts for the employment of staff including agency or temporary staff.

8.11 Healthcare Services Agreements (See SFI No. 7)

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

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

8.12 Disposals (See SFI No. 14)

Competitive tendering or quotation procedures shall not apply to the disposal of:

- (a) any item in respect of which a fair price can be obtained only by negotiation or sale by auction as determined by the Chief Executive or 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 the amount set out in the Detailed Scheme of Delegation (S.O.D. 11), the amount to be reviewed annually;
- (d) Items arising from works of construction, demolition or site clearance which should be dealt with in accordance with the relevant contract; and
- (e) Land or buildings concerning which DHSC guidance has been issued but subject to compliance with such guidance.

8.13 In House Services

The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided under contract or in-house. The Board may also determine from time to time that in-house services should be market tested by competitive tendering.

9. TERMS OF SERVICE AND PAYMENT OF DIRECTORS AND EMPLOYEES

9.1 Remuneration and Terms of Service

9.1.1 In accordance with SOs the Board shall establish a Nominations and Remunerations Committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting.

9.1.2 The Committee will:

- (a) Inform the Board about appropriate remuneration and terms of service for the Chief Executive and other Executive Directors (and any other employees specified within the Terms of Reference), including:
 - (i) All aspects of salary (including any performance-related elements/bonuses);
 - (ii) Provisions for other benefits, including pensions;
 - (iii) Arrangements for termination of employment and other contractual terms;
 - (iv) Fit and Proper Person Test (FPPT) – ensure all Board members meet the requirements of the Fit and Proper Person Test including annual declaration.
- (b) make such recommendations to the Board on the remuneration and terms of

service of Executive Directors (and any other employees specified within the Terms of Reference) to ensure they are fairly rewarded for their individual contribution to the Trust - having proper regard to the Trust's circumstances and performance and to the provisions of any national arrangements for such staff where appropriate;

- (c) Monitor and evaluate the performance of individual Executive Directors and
- (d) Advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.

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

9.1.4 The Board will consider and approve as appropriate proposals presented by the Chief Executive for setting of remuneration and conditions of service for those employees not covered by the Committee's remit.

9.1.5 The Trust will remunerate the Chair and Non-Executive Directors in accordance with the procedures agreed by the Council of Governors.

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 is the responsibility of individual budget holders and may only be varied as defined within the Trust's Reservation of Powers to the Board and Detailed Scheme of Delegation (S.O.D 19).

9.3 Staff Appointments

9.3.1 No Director or employee may engage, re-engage, or regrade employees, either on a permanent or temporary basis, or hire agency staff, or agree to changes in any aspect of remuneration unless authorised to do so by the Detailed Scheme of Delegation (S.O.D 19).

9.3.2 Budget Holders must not make appointments that exceed their funded establishment unless prior consent has been granted by the authorised senior manager in line with the Scheme of Delegation.

9.3.3 The Board will consider and approve as appropriate procedures presented by the Chief Executive for the determination of commencing pay rates, conditions of service, etc, for employees.

9.3.4 The hiring of temporary/agency staff must comply with the Trust's standard operating procedures and not exceed the limit of approved budgeted staffing levels.

9.3.5 The Chief Executive shall nominate officers in accordance with the Detailed Scheme of Delegation (S.O.D 19) to enter into contracts for the employment of staff including agency or temporary staff and to authorise regrading of staff.

9.4 Payroll

9.4.1 The Executive 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 methods of payment. and
- (e) Maintaining suitable arrangements for the collection of payroll deductions and payment of these to appropriate bodies.

9.4.2 The Executive 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;
- (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;
- (h) Procedures for payment by cheque, bank credit, or cash to employees;
- (i) Procedures for the recall of cheques and bank credits; and
- (j) Pay advances and their recovery.
- (k) Jointly with the Executive Chief Financial Officer:
 - (l) Maintenance of regular and independent reconciliation of pay control accounts;
 - (m) Separation of duties of preparing records and handling cash;
 - (n) A system to ensure the recovery from leavers of sums of money and properly due by them to the Trust.

9.4.3 Appropriately nominated managers have delegated responsibility for:

- (a) Submitting time records, and other notifications in accordance with agreed timetables;
- (b) completing time records and other notifications in accordance with the Executive Chief People Officer's instructions and
- (c) Submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's resignation, termination or retirement. Where an employee fails to report for duty in circumstances that suggest they have left without notice, the Executive Chief People Officer must be informed immediately.

9.4.4 Regardless of the arrangements for providing the payroll service, the Executive Chief People Officer shall ensure that the chosen method of payment 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 appropriate senior officer for:

- (a) Ensuring that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation;
- (b) Dealing with variations to, or termination of, contracts of employment; and
- (c) Maintaining appropriate personal records for each employee or contract worker.

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 Scheme of Delegation will determine the level of delegation to budget managers.

10.1.2 The Authorised Signatories list will set out:

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

10.1.3 Budget holders may appoint nominees to manage budgets who must be approved by the Executive Chief Financial Officer. The budget holders retain responsibility for their budget,

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

10.2.2 Payment of invoices relating to contracts shall be in accordance with contract terms, or otherwise, in accordance with national guidance.

10.2.3 The Executive Chief Financial Officer's role

The Executive Chief Financial Officer's role in relation to the matters listed above is as follows:

- (a) **Thresholds:** 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 the Scheme of Delegation and regularly reviewed;
- (b) **Procedures:** ensure that procedural instructions on the obtaining of goods, works and services (incorporating the thresholds) are prepared, distributed and regularly reviewed;
- (c) **Payment:** be responsible for the prompt payment of all properly authorised accounts and claims;
- (d) **Accounts Payable System:** 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 Directors/employees (including specimens of their signatures) authorised to certify invoices;
- (ii) Certification that: (either manually or electronically)
 - 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; and
 - The account is in order for payment.
- (iii) A timetable and system for submission to the Executive Chief Financial Officer of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment; and
- (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 (except as below).
- (f) **Building & Engineering Contracts:** In the case of contracts for the building and engineering works which require payment to be made on account during the progress of the works:
 - (i) The Executive Chief Financial Officer shall make payment on receipt of a certificate from the appropriate Technical Consultant or member of staff;
 - (ii) Without prejudice to the responsibility of any Consultant or manager appointed to a particular building or engineering contract, a contractor's account shall be subjected to such financial examination by the Executive Chief Financial Officer and such general examination by the Capital Projects Manager as may be considered necessary before the person responsible to the Trust for the contract issues the final certificate, subject to any legal liability on behalf of the Trust to settle the account within a pre-defined time limit;

- (iii) To assist financial control, a contracts register should be established and maintained by the appropriate member of staff; and
 - (iv) The Executive Chief Financial Officer shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with current guidance. The technical audit of these contracts shall be the responsibility of the Director who has an oversight of the specific contract.
- (g) **Education & Training:** The Executive Chief Financial Officer shall ensure that procedures are put in place to ensure that all education and training activities are properly accounted for and that all funding is utilised appropriately; and in addition include the medical training posts hosted nationally by St Helens and Knowsley NHS Trust/other such Trust who will invoice monthly UHDB for posts based at our sites.
- (h) **Time and Materials Contracts:** in the case of contracts based on the measurement of time, materials or expenses:
- (i) The time charged is in accordance with the time sheets;
 - (ii) The rates of labour are in accordance with the appropriate rates;
 - (iii) The materials have been checked as regards quantity, quality and price; and
 - (iv) The charges for the use of vehicles, plant and machinery have been examined.;

10.2.4 Orders

Official Orders must:

- (a) Be consecutively numbered;
- (b) Be in a form approved by the Executive Chief Financial Officer;
- (c) State the Trust's terms and conditions of trade; and
- (d) Only be issued to, and used by, those duly authorised by the Chief Executive.

Official orders may be transmitted by a system of electronic data interchange (EDI), electronic mail (email), extensible mark-up language (XML) or login, as approved by the Executive Chief Financial Officer.

Duties of Managers and Officers

- 10.2.5** Managers must ensure that they comply fully with the guidance and limits specified by the Executive Chief Financial Officer and that:
- (a) all contracts (other than for a simple purchase permitted within the Detailed Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Executive Chief Financial Officer in advance of any commitment being made;
 - (b) contracts above set limits are advertised and awarded in accordance with UK and General Agreement on Tariffs and Trade (GATT) rules on public procurement and comply with the White Paper on Standards, Quality and International Competitiveness (CMND 8621);
 - (c) where consultancy advice is sought, the procurement of such advice must be in accordance with guidance issued by the DHSC;
 - (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; or
 - (ii) conventional hospitality, such as lunches in the course of working visits, provided that any such gift/hospitality is in line with the guidance contained within the Trust's Standards of Business Conduct;
 - (e) no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Executive Chief Financial Officer;
 - (f) all goods, services, or works are ordered on an official order form except works and services executed in accordance with an existing 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 clearly marked "Confirmation Order";
 - (h) orders or contracts are not split or otherwise placed in a manner devised so as to avoid the financial thresholds for contracting and seeking quotes;
 - (i) goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase. Any equipment on loan to the Trust and/or on Trust property must be notified to the Executive Chief Financial Officer together with any conditions attached to the loan of that equipment;
 - (j) they inform the Executive Chief Financial Officer promptly of any changes to the list of officers authorised to certify invoices;

- (k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Executive Chief Financial Officer Performance and;
- (l) petty cash records are maintained in a form as determined by the Executive Chief Financial Officer.

Private Finance Initiative (PFI)/Managed Equipment Services (MES) - IFRIC 12 Contract

- 10.2.6** The E Trust Representative and Deputy Trust Representative have delegated authority to authorise invoices relating to the PFI/MES unitary charge. The Trust Representative/Deputy Trust Representative shall ensure that all invoices are in accordance with the contractual terms of the PFI/MES contract agreement. (S.O.D. 46 (a)),
- 10.2.7** In relation to the PFI, the Head of Facilities Management will ensure that the performance management regime is correctly applied and that performance deductions are calculated and calibrated in accordance with the performance monitoring system (PMS). The Trust Representative/Deputy Trust Representative will ensure that any required financial penalties or additional payments arising under the PMS are applied. (S.O.D. 46 (b), (c) and (d)),
- 10.2.8** In relation to the MES the appropriate operational senior manager will ensure the performance management regime is correctly applied and managed. The Executive Chief Financial Officer will ensure any penalties or additional payments under the MES contract are applied appropriately,
- 10.2.9** The Trust Representative/Deputy Trust Representative shall ensure the correct level of annual indexation is applied to the contract value in accordance with the contractual terms. (S.O.D. 46 (e)),
- 10.2.10** The Trust Representative/Deputy Trust Representative shall ensure that the accounting treatment of the PFI/MES unitary charge fully complies with the requirements of the capital charges manual, the DH GAM and IFRS.

Contract Variations

- 10.2.11** Variations that result in a change to the capital value of the PFI/MES scheme are subject to the capital expenditure provisions in section 8 of the Detailed Scheme of Delegation.
- 10.2.12** The Trust Representative/Deputy Trust Representative may seek appropriate external professional advice relating to the value for money, estates, service and legal implications of any proposed variation.
- 10.2.13** The Trust Representative/Deputy Trust Representative will ensure that all variations arising under the PFI/MES contract fully comply with the change management protocol as specified in the contract.

10.3 Invoices

All invoices must be authorised and goods received documentation provided in a timely manner, in order to facilitate prompt settlement of supplier accounts.

10.4 List of Authorised Signatories

- (i) Lists of members of staff authorised to sign requisitions, orders, invoices and other Trust documentation, together with specimen signatures, in a form approved by the Executive Chief Financial Officer shall be maintained for management control purposes and copies provided to the Executive Chief Financial Officer.
- (ii) Changes to the list must be notified promptly to the Executive Chief Financial Officer.

10.5 Petty Cash

Purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Executive Chief Financial Officer and petty cash records are maintained in a form as determined by the Executive Chief Financial Officer.

10.6 Supplier Representatives

For instructions and advice on how to approach supplier and company representatives; refer to the Trust's Policy for Supplier Representatives.

10.7 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 Director must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the Trust if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments;
- (c) The Executive Chief Financial Officer will need to be satisfied with the proposed scheme before contractual arrangements proceed; and
- (d) The budget holder is responsible for ensuring that all items due under a prepayment contract are received and he/she must immediately inform the appropriate Director or Chief Executive if problems are encountered.

10.8 Purchasing outside the Normal Ordering System

(a) Direct Ordering

- (i) In general, no officer of the Trust can order goods or services directly from suppliers;
- (ii) These SFIs provide clear guidance on purchasing and contract tendering and these must be followed;

- (iii) Where officers of the Trust wish to deal directly with suppliers for the procurement of goods and services, the prior approval of the Executive Chief Financial Officer must be obtained on a case by case basis;
 - (iv) In exceptional circumstances, where senior officers of the Trust wish to operate direct ordering procedures, the approval of the Chief Executive must be obtained. This shall include procurement of goods and services where there are legal requirements for specialist approval outside the Finance Directorate, for example the procurement of certain pharmaceutical products. All applications must be made to the Executive Chief Financial Officer who shall pass applications to the Chief Executive for approval;
 - (v) Where required the detailed procedures prepared by the Executive Chief Financial Officer shall include rules for proper approval from budget holders where goods or services are obtained outside the normal ordering procedures;
- (b) **Prior approval to purchase outside contracts: Where the Trust has a contract for the required** goods and services these should be purchased within those contracts. Any purchasing request outside of such contracts must be referred, in the first instance, to the Head of Procurement.

(c) Non mainstream contracts with individuals

- (i) Where activity is undertaken in the Trust that does not fall within mainstream responsibilities, it may be necessary to contract with individuals for these services to be supplied. In order to ensure that the correct form of contractual relationship is established, the type of contract (i.e. payable gross or subject to statutory deduction through PAYE) must be considered;
 - (ii) It is required that the type of activity, reporting responsibilities, place of work and ability to substitute another individual to perform the duties, should all be reviewed prior to engaging or contracting for services to be delivered;
 - (iii) The contractual arrangements and the estimated expenditure must be authorised in advance at an appropriate level, in accordance with the Scheme of Delegation; and
 - (iv) The Executive Chief People Officer shall be responsible for establishing detailed procedures, specifying the form of contractual arrangements which will apply, covering the terms and conditions, rates of pay, and method of payment, and the monitoring and reporting arrangements.
- (d) **Credit Finance arrangements including leasing commitments:** No officer of the Trust outside the organisational control of the Executive Chief Financial Officer has any power to approve such commitments. Finance officers must comply with limits set out in the Detailed Scheme of Delegation (S.O.D 10).

(e) Compliance with rules of delegated powers of authority

Where a transaction falls outside an officer's delegated powers he or she must not make any financial commitments in respect of the transaction and must instead refer the matter to the individual with appropriate delegated authority.

10.2 External Borrowing

10.2.1 The Trust will attempt to secure the most preferential interest rates for borrowing. The Executive Chief Financial Officer will advise the Board concerning the Trust's ability to pay interest on, and repay, both the originating capital debt and any proposed new borrowing. The Executive Chief Financial Officer is also responsible for reporting periodically to the Board concerning the originating debt and all loans and overdrafts.

10.2.2 Any application for a loan or overdraft including Revolving Working Capital Facilities (RWCF) will only be made by the Executive Chief Financial Officer or by an employee so delegated by him/her.

10.2.3 The Executive Chief Financial Officer must prepare detailed procedural instructions concerning applications for new borrowing which comply with the instructions issued by NHS England.

10.2.4 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 by the Executive Chief Financial Officer.

10.2.5 All long-term borrowing must be consistent with the schemes outlined in the current Business Plan.

11.1.6 Public Dividend Capital is not included in the definition of Borrowing.

11.1.7 As a Foundation Trust access to additional Public Dividend Capital is restricted. The Executive Chief Financial Officer will ensure entitlement criteria are regularly reviewed and funding applications are made where appropriate.

11.2 Investments

11.2.1 Temporary cash surpluses must be held only in such public or private sector investments in line with Board, Treasury Management Policy and NHS England guidance.

11.2.2 The Executive Chief Financial Officer is responsible for advising the Board on investments and shall report periodically to the Board concerning the performance of investments held.

11.2.3 The Executive Chief Financial Officer will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

11.2.4 The Trust's Treasury Management Policy must be followed with regards to decisions for investment of long term cash surpluses.

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

11.1 Capital Investment

11.1.1 The Chief Executive:

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

11.1.2 For every major capital expenditure proposal (as defined in the Detailed Scheme of Delegation) the Chief Executive shall ensure:

- (a) That a business case (in line with the guidance contained within the *Capital Investment Manual*) is produced setting out:
 - (i) An option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
 - (ii) Appropriate project management and control arrangements; and
 - (iii) Involvement of appropriate Trust personnel and external agencies; and
- (b) That the Executive Chief Financial Officer has certified professionally the costs and revenue consequences detailed in the business case.

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

The Executive Chief Financial Officer shall issue procedures for the regular reporting of actual expenditure and commitment against authorised expenditure.

11.1.4 The Executive Chief Financial Officer shall assess on an annual basis the requirements for the operation of the construction industry tax deduction scheme (715) in accordance with Inland Revenue guidance.

11.1.5 Prior to the start of a financial year the Executive Chief Financial Officer will, on behalf of the Chief Executive prepare and submit a capital expenditure programme for approval by the Board. 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; and
- (c) Approval to accept a successful tender.

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

- 11.1.6** The Executive Chief Financial Officer shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes.

12.2 Strategic Investment

12.2.1 Method of Finance

- (a) The Trust should normally test a range of financial options available including PFI and MES when considering capital procurement. When the Board proposes to use a chosen method of financing the following procedures should apply:
 - (i) The Chief Executive shall demonstrate that consideration of all capital procurement options has been undertaken and the recommended method of financing represents value for money;
 - (ii) The Board must specifically agree the proposal; and
 - (iii) Where the sum involved exceeds delegated limits compliance with approval processes must be demonstrated.
- (b) NHS England Guidance: The Independent Regulator has issued guidance on the 'Roles and responsibilities in the approval of NHS foundation Trust PFI schemes' under IRG 03/07'.

12.2.2 Leasing and Purchases by Deferred Payment

- (a) The permission of the Executive Chief Financial Officer must be obtained in advance where goods or services are to be obtained on deferred payment terms (including hire purchase, leasing and extended credit) involving either the delay of part of the payment into a future financial year or the incurring of additional charges beyond the cash price of the goods or services.
- (b) The Executive Chief Financial Officer shall establish procedures to ensure value for money is properly assessed in any deferred payment proposal.

12.3 Asset Registers

- 12.3.1** The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Executive Chief Financial Officer concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted once a year.
- 12.3.2** The Trust shall maintain an asset register recording fixed assets. Each land and building asset will be designated as relevant as defined within NHS England's "The Asset Register and Disposal of Assets Guidance for Providers of Commissioner Requested Services. Assets required to deliver "Commissioner Requested" services are those services the Trust must deliver, these are listed as part of the Terms of Authorisation as an FT and agreed with the lead Commissioner.
- 12.3.3** Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:
- (a) Properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
 - (b) Stores, requisitions and wages records for own materials and labour including appropriate overheads; and
 - (c) Lease agreements in respect of assets held under a finance lease and capitalised.
- 12.3.4** Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate). The disposal must be authorised by the appropriate disposal officer.
- 12.3.5** The Executive Chief Financial Officer shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 12.3.6** The value of each asset shall be indexed to current values in accordance with methods specified in the Capital Charges Manual issued by the DHSC.
- 12.3.7** The value of each asset shall be depreciated using methods and rates as specified in the Capital Charges Manual issued by the DHSC.
- 12.3.8** The Executive Chief Financial Officer shall calculate and pay capital charges as specified in the Capital Accounting Manual.

12.4 Security of Assets

- 12.4.1** The overall control of fixed assets is the responsibility of the Chief Executive.
- 12.4.2** Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Executive Chief Financial Officer. 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; and
- (g) Reporting, recording and safekeeping of cash, cheques, and negotiable instruments.

12.4.3 All discrepancies revealed by verification of physical assets to the fixed asset register shall be notified to the Executive Chief Financial Officer.

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

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

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

13. STORES AND RECEIPT OF GOODS

- 13.1** Stores, defined in terms of controlled stores and departmental stores (for immediate use) should be:
- (a) Kept to a minimum;
 - (b) Subjected to annual stock take; and
 - (c) Valued at the lower of cost and net realisable value.
- 13.2** Subject to the responsibility of the Executive Chief Financial Officer for the systems of control, overall responsibility for the control of stores shall be delegated to an employee by the Chief Executive. The day-to-day responsibility may be delegated to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the Executive Chief Financial Officer. The control of Pharmaceutical stocks shall be the responsibility of a designated Pharmaceutical Officer. the control of fuel oil of a designated estates manager. The control of surgical and other clinical stock managed through the HTrack system shall be the responsibility of a designated HTrack officer.
- 13.3** The responsibility for security arrangements and the custody of keys for all stores and locations shall be clearly defined in writing by the designated manager/Pharmaceutical Officer. Wherever practicable, stocks should be marked as Trust property.
- 13.4** The Executive Chief Financial Officer shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.
- 13.5** Stocktaking arrangements shall be agreed with the Executive Chief Financial Officer and there shall be a physical check covering all items in store at least once a year.
- 13.6** Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Executive Chief Financial Officer.
- 13.7** The designated Manager/Pharmaceutical Officer shall be responsible for a system approved by the Executive Chief Financial Officer for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Executive Chief Financial Officer any evidence of significant overstocking and of any negligence or malpractice (see also 14, Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.
- 13.8** For goods supplied via the NHS Supply Chain, 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 appropriate person, as set out in the Detailed Scheme of Delegation, who shall satisfy himself that the goods have been received before accepting the recharge.

14. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

14.1 Disposals and Condemnations

- 14.1.1** The Executive Chief Financial Officer must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers.
- 14.1.2** When it is decided to dispose of a Trust asset, the head of department or authorised deputy will determine and advise the Executive Chief Financial Officer of the estimated market value of the item, taking account of professional opinion including that of the Trust's procurement adviser where appropriate.
- 14.1.3** The disposal of "relevant" assets is not usually allowed. If a "relevant" asset is no longer required to deliver Commissioner Requested services the following will apply:

If the Trust is operating normally ~~it~~ does not require NHS England's permission to dispose.

If the Trust is operating under a failure regime the Trust shall inform NHS England and request permission to dispose of the asset.

Once permission is received the Trust will notify NHS England of the changes to "relevant" assets and the asset can then be disposed of in accordance with Trust Policies and Procedures.

- 14.1.4** All unserviceable items shall be:
- (a) Condemned or otherwise disposed of by an officer authorised for that purpose through the Detailed Scheme of Delegation (S.O.D 11) and in accordance with the Trust Condemning & Disposal Policy; and
 - (b) Recorded by the Condemning Officer in a form approved by the Executive Chief Financial Officer which will indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the Executive Chief Financial Officer.
- 14.1.5** The Condemning Officer shall satisfy himself as to whether or not there is evidence of negligence in use and shall report any such evidence to the Executive Chief Financial Officer who will take the appropriate action.

14.2 Losses and Special Payments

- 14.2.1** The Executive Chief Financial Officer must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments. The Executive Chief Financial Officer 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.

- 14.2.2** Any employee discovering or suspecting a loss of any kind, including a shortfall of cash, cheques or other negotiable instruments, however these occurred, must either immediately inform their head of department, who must immediately inform the Chief Executive and the Executive Chief Financial Officer or inform an officer charged with responsibility for responding to concerns involving loss or fraud confidentially. This officer will then appropriately inform the Executive Chief Financial Officer and/or Chief Executive. Where a criminal offence is suspected, the Executive Chief Financial Officer must immediately inform the police if theft or arson is involved, but if the case involves suspicion of fraud, then the particular circumstances of the case will determine the stage at which the police are notified.
- 14.2.3** The Executive Chief Financial Officer must notify the relevant LCFS and CFSMS operational teams who will decide, in consultation with the Executive Chief Financial Officer, whether notification to the NHS Counter Fraud and Security Management Services (NHS CFSMS) is appropriate. The Audit Committee will be notified of all frauds.
- 14.2.4** For losses apparently caused by theft, fraud, arson, neglect of duty or gross carelessness, except if trivial and where fraud is not suspected, the Executive Chief Financial Officer must immediately notify:
- (a) The Board, and
 - (b) The External Auditor.
- 14.2.5** Within limits delegated to it by the DHSC, the Board shall approve the writing-off of losses. For losses below the level set out in the Detailed Scheme of Delegation (S.O.D 12) this function may be delegated to the Audit Committee.
- 14.2.6** The Executive Chief Financial Officer shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.
- 14.2.7** For any loss, the Executive Chief Financial Officer should consider whether any insurance claim can be made.
- 14.2.8** The Executive Chief Financial Officer shall maintain a Losses and Special Payments Register in which write-off action is recorded.
- 14.2.9** Payments exceeding contractual or legal entitlements require HM Treasury approval prior to the payment being made. Application for approval should be made using the appropriate form and submitted via NHS England.

15. INFORMATION TECHNOLOGY

15.1 Data Security

The Executive Chief Digital Information Officer, 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 he/she is responsible, from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the state of technological development and the cost of implementing any measures are balanced in relation to the nature of the data to be protected and the harm that may result from a breach of the Data Protection Act 1998 (and 2003) and in particular its 7th principle;
- (b) Follow the Trust's existing Information Governance Policy – Code of Conduct. All staff must sign the Code of Conduct before being allowed to use the Trust's ICT infrastructure;
- (c) Ensure that adequate (reasonable) controls exist over the Trust's computer network access through 'Conditions of Access' procedure, 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;
- (d) Ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment. The concept of 'separation of duties should be deployed and access controls should ensure authorised staff have access on a 'need to know' basis; and
- (e) Ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as he/she may consider necessary are being carried out.

15.2 New Systems/Upgrades

15.2.1 The Executive Chief Digital Information Officer shall satisfy him/herself that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation and represent good value for money. Where this is undertaken by another organisation, fitness for purpose warranties and guarantees must be contractually obtained from them prior to implementation, that confirm the Trust's specifications and requirements are satisfied. In the event that the company is a subsidiary organisation, it will be at the Executive Chief Financial Officer's discretion as to whether a parent company financial guarantee is obtained.

15.2.2 In the case of computer systems which are proposed General Applications (i.e. normally those applications which the majority of Authorities/Trusts in the Region wish to sponsor jointly) all responsible Directors and employees will send to the Executive Chief Digital Information Officer:

- (a) Details of the outline design of the system; and

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

15.3 Joint Systems

- 15.3.1** The Executive Chief Digital Information Officer shall ensure that contracts for computer services for financial applications with another health organisation or any other agency shall clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes.
- 15.3.2** Suitable warranties and guarantees must be provided by the other health organisation or agency regarding the fitness of purpose of the services and applications being provided.
- 15.3.3** Where another health organisation or any other agency provides a computer service for financial applications, the Executive Chief Digital Information Officer shall periodically seek assurances that adequate controls are in operation. Such controls may include but not be limited to ISO17799, Code of Practice for Information Security and ISO27001, Information Security Management Standard.

15.4 Joint Monitoring and Review of Systems Efficiency

- 15.4.1** Where computer systems have an impact on corporate financial systems the Executive Chief Digital Information Officer shall satisfy him/herself that:
 - (a) Systems acquisition, development and maintenance are in line with corporate policies such as an Information Technology Strategy, and the Trust's Information Governance Policy;
 - (b) Data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists;
 - (c) The Integrity of the finance system is not compromised by the interface of other systems;
 - (d) User acceptance tests are carried out to confirm that the services or applications including interfaces, new versions and any enhancements are fit for purpose;
 - (e) Finance staff have access to such data; and
 - (f) Such computer audit reviews as are considered necessary are being carried out.

15.5 Freedom of Information

15.5.1 The Executive Chief Digital Information Officer shall publish and maintain a Freedom of Information (FOI) Publication Scheme, or adopt a model publication Scheme approved by the Information Commissioner. A Publication Scheme is a complete guide to the information routinely published by a public authority. It describes the classes or types of information about the Trust that is made publicly available.

15.5.2 It is the responsibility of the Executive Medical Director to notify the Trust Archives & Records Manager of any documents to be included in the Publication Scheme already registered with the ICO.

15.6 Risk Assessment

15.6.1 The Chair and the Chief Executive shall ensure that the 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 business continuity plans to comply with the requirements of the 7th Principal of the Data Protection Act.

16. PATIENTS' PROPERTY

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

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

- Notices and information booklets;
- Hospital admission documentation and property records; and
- The oral advice of administrative and nursing staff responsible for admissions; and

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

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

16.4 Where DHSC instructions require the opening of separate accounts for patients' moneys, these shall be opened and operated under arrangements agreed by the Executive Chief Financial Officer.

16.5 In all cases where property of a deceased patient is of a total value in excess of the limit as set out in the Detailed Scheme of Delegation (S.O.D 48) (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 below the limit as set out in the Detailed Scheme of Delegation (S.O.D 48), forms of indemnity shall be obtained.

- 16.6** Staff should be informed, on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.
- 16.7** Where patients' property or income is received for specific purposes and held for safekeeping the property or income shall be used only for that purpose, unless any variation is approved by the donor or patient in writing.
- 16.8** Patients monies lodged with the Trust's bankers for safekeeping must comply with the latest 'Money Laundering' guidance from HM Treasury.

17. FUNDS HELD ON TRUST

17.1 Introduction

- 17.1.1** SOs identify the Director's responsibilities as a corporate trustee for the management of funds it holds on trust and define how those responsibilities are to be discharged. They explain that although the management processes may overlap with those of the organisation of the Trust, the trustee responsibilities must be discharged separately and full recognition given to the dual accountabilities to the Charity Commission for charitable funds held on trust and to the Secretary of State for all funds held on trust.
- 17.1.2** The reserved powers of the Board and the Detailed Scheme of Delegation make clear where decisions regarding the use of funds held on Trust are to be taken and by whom. Directors and officers must take account of that guidance before taking action. SFIs are intended to provide guidance to persons who have been delegated to act on behalf of the corporate trustee.
- 17.1.3** As management processes overlap most of the sections of these SFIs will apply to the management of funds held on trust. This section covers those instructions which are specific to the management of funds held on trust.
- 17.1.4** The over-riding principle is that the integrity of each trust must be maintained and statutory and trust obligations met. Materiality must be assessed separately from Exchequer activities and funds.
- 17.1.5** The charity shall produce and maintain a Charitable Funds Strategy. This should be formally reviewed at least every three years.
- 17.1.6** It is the responsibility of the Corporate Trustees to ensure that funds are spent appropriately and on a timely basis. In assessing the appropriate level of spending for an individual designation, the Corporate Trustees will take into account future spending plans and the guidance issued by the Charity Commission.

18. RETENTION OF DOCUMENTS

- 18.1** The Chief Executive shall be responsible for maintaining archives for all documents required to be retained under the direction contained in accordance with the DHSC guidelines, currently 'Records Management' (published April 2006).
- 18.2** The documents held in archives shall be capable of retrieval by authorised persons.
- 18.3** Chief Executive approval is required prior to any proposed action to destroy records before the end of the retention period set by Trust policies. Records shall be maintained of documents so destroyed.

19. RISK MANAGEMENT & INSURANCE

19.1 Risk Management

The Chief Executive shall ensure that the Trust has a programme of risk management, in accordance with current NHS Audit Committee handbook, Healthcare Commission and NHS England requirements, which will be approved and monitored by the Board.

19.1.1 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 and health and safety review;
- (f) Arrangements to review the risk management programme; and
- (g) A clear understanding of the extent of insurance.

The existence, integration and evaluation of the above elements will provide a basis to make a statement on the effectiveness of internal financial control within the Annual Report and Accounts as required by NHS England.

19.2 Insurance

19.2.1 The Board of Directors shall decide if the Trust will insure through the risk pooling schemes administered by the NHS Protect, purchase liability insurance from commercial insurers or self- insure for some or all risks. If the Board decides to use the risk pooling schemes for any of the risk areas (clinical liability / property / employers / third party / products liability and professional indemnity) covered by the scheme, this decision shall be reviewed annually.

- 19.2.2** Where the Board decides to use risk pooling schemes administered by the NHS Protector purchase liability insurance from commercial insurers the Chief Executive shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Trust Secretary shall ensure that documented procedures cover these arrangements.
- 19.2.3** Where the Board decides not to use the risk pooling schemes administered by the NHS Protect for one or more of the risks covered by the schemes, the Chief Executive shall ensure that the Board is informed of the nature and extent of the risks that are commercially covered or self-insured as a result of this decision.
- 19.2.4** The Trust Secretary will draw up formal documented procedures for the management of any claims arising from third parties and payment in respect of losses which will not be reimbursed.

19.3 Risk Pooling

- 19.3.1** All the risk pooling schemes require members to make some contribution to the settlement of claims (the deductible). The Trust Secretary should ensure documented procedures also cover the management of claims and payments which fall below the level covered by the scheme.

19.4 Taxation

The Executive Chief Financial Officer shall ensure that the Trust's liabilities for taxation are managed appropriately, taking full account of available concessions, through maintenance of appropriate records, the preparation and submission of required returns and recovery of a deductions at source

Value Added Tax (VAT)

- (a) Payment and recovery of VAT is the responsibility of the Executive Chief Financial Officer who will ensure that procedures and systems are in place to comply with regulations governing VAT.
- (b) Where managers are unsure of the VAT status of any particular transaction advice will be provided by the Finance Department.

Corporation Tax:

The Executive Chief Financial Officer is also responsible for assessing the Corporation Tax liability of the Trust's profitable trading activities.