

The Robert Jones and Agnes Hunt Orthopaedic Hospital

NHS Foundation Trust

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Standing Financial Instructions

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2. Introduction

2.1 General

- 2.1.1 The Trust's Standing Financial Instructions (SFIs) have been compiled in accordance with the requirements and provisions of The NHS Act 2006. They shall have effect as if incorporated in the Trust's Constitution.
- 2.1.2 These SFIs detail the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Matters Reserved to the Board and the Scheme of Delegation adopted by the Trust.
- 2.1.3 These SFIs identify the financial responsibilities which apply to everyone working for the Trust and its constituent organisations including Trading Units. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Chief Finance Officer.
- 2.1.4 Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of the Chief Finance Officer must be sought before acting. The user of these SFIs should also be familiar with and comply with the provisions of the Trust's Constitution.
- 2.1.5 The failure to comply with SFIs and Standing Orders as included in the Constitution can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.
- 2.1.6 Overriding SFIs – if for any reason these SFIs are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit & Risk Committee for referring action or ratification. All members of the Board and staff have a duty to disclose any non-compliance with these SFIs to the Chief Finance Officer as soon as possible.

2.2 Terminology

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

"Constitution" means the constitution, including the annexes, which was approved on authorisation as a Foundation Trust with any subsequent amendments approved in accordance with current legislation.

"Trust" means the Robert Jones & Agnes Hunt Orthopaedic Hospital NHS Foundation Trust;

"Accounting Officer" means the person who from time to time discharges the functions specified in paragraph 25 (5) in Schedule 7 to the 2006 Act;

"Board" means the Board of Directors of the Robert Jones & Agnes Hunt Orthopaedic Hospital NHS Foundation Trust, as constituted in accordance with the Trust's Constitution;

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

"Budget Holder" means the director or employee with delegated authority to manage finances (Income and Expenditure) for a specific area of the organisation;

"Chief Executive" means the chief executive (and accounting officer) of the Trust;

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"Director" means a person appointed as a Director in accordance with the Constitution. The Directors of the Trust will be either:

- "Executive Director" which means a Member of the Board of Directors who holds an executive office of the Trust, and who was appointed in accordance with the Constitution;
- or
- "Non-Executive Director" which means a Member of the Board of Directors who does not hold an executive office of the Trust, and who was appointed by the Council of Governors in accordance with the Constitution.

"Chief Finance Officer" means the chief financial officer of the Trust;

"Funds Held on Trust" means those funds which the Trust holds on the date of incorporation, receives on distribution by statutory instrument or chooses subsequently to accept under powers derived under the 2006 Act. Such funds may or may not be charitable;

"Independent regulator" means the independent corporate body established under the National Health Service 2006 Act, responsible for authorising, monitoring and regulating NHS Foundation Trusts;

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

"Officer" means employee of the Trust or any other person holding a paid appointment or office with the Trust;

"SIRO" means Senior Information Risk Officer. This role is undertaken by the Chief Finance Officer.

2.2.2 All references in these instructions to the masculine gender shall be read as equally applicable to the feminine gender.

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

2.2.4 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.

2.3 Responsibilities & Delegation

2.3.1 The Trust Board exercises financial supervision and control by:

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

2.3.2 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 "Matters Reserved to the Board" document. All other powers have been delegated to such other committees as the Trust has established, or to the Chief Executive or Chief Finance Officer.

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- 2.3.3 The Chief Executive and Chief Finance Officer will, as far as possible, delegate their detailed responsibilities, but they remain accountable for financial control.
- 2.3.4 The Chief Executive is ultimately accountable to the Board and, as Accounting Officer, to parliament, for ensuring that the Board meets its obligation to perform its functions within the available financial resources. The duties as Accounting Officer are set out in the “NHS Foundation Trust Accounting Officer Memorandum”. The Chief Executive has overall executive responsibility for the Trust’s activities, is responsible to the Chairman and the Board for ensuring that its financial obligations and targets are met, and has overall responsibility for the Trust’s system of internal control.
- 2.3.5 It is a duty of the Chief Executive to ensure that Members of the Board and employees and all new appointees are notified of, and put in a position to understand, their responsibilities under these Instructions.
- 2.3.6 The Chief Finance Officer is responsible for:
- (a) Implementing the Trust’s financial policies and for coordinating any corrective action necessary to further these policies;
 - (b) Maintaining an effective system of internal financial control, including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;
 - (c) Ensuring that sufficient records are maintained to show and explain the Trust’s transactions, in order to disclose, with reasonable accuracy, the financial position of the Trust at any time.
- In addition, without prejudice to any other functions of the Trust, and employees of the Trust, the duties of the Chief Finance Officer include:
- (d) The provision of financial advice to other members of the Board and employees;
 - (e) The design, implementation and supervision of systems of internal financial control;
 - (f) The preparation and maintenance of such accounts, certificates, estimates, records and reports as the Trust may require for the purpose of carrying out its statutory duties.
- 2.3.7 All members of the Board and employees, severally and collectively, are responsible for:
- (a) The security of the property of the Trust;
 - (b) Avoiding loss;
 - (c) Achieving economy, effectiveness and efficiency in the use of resources;
 - (d) Conforming with the requirements of the Trust Constitution, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation;
 - (e) Maintaining effective risk management arrangements.
- 2.3.8 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.
- 2.3.9 For all members of the Board and any employees who carry out a financial function, the form in which financial records are kept and the manner in which members of the Board and employees discharge their duties must be to the satisfaction of the Chief Finance Officer.

3. Audit

3.1 Audit & Risk Committee

3.1.1 In accordance with the constitution and with reference to the Audit Code for NHS Foundation Trusts and the Code of Governance, issued by the Independent Regulator, the Board of Directors shall formally establish an Audit & Risk Committee, with clearly defined terms of reference.

3.1.2 The Committee shall review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical) that supports the achievement of the organisation's objectives.

In particular, the Committee will review the adequacy of:

- (a) All risk and control related disclosure statements (in particular the Annual Governance Statement), together with any accompanying Head of Internal Audit statement or other appropriate independent assurances;
- (b) The underlying assurance processes that indicates the degree of the achievement of corporate objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements;
- (c) The policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements and related reporting and self-certification;
- (d) The policies and procedures for all work related to fraud and corruptions as set out in the NHS Standard contract and as required by the NHS Counter Fraud Authority, and review and confirm the level of resources assigned for countering fraud;
- (e) The Internal Audit Service ensuring that it meets mandatory NHS Internal Audit Standards and provides appropriate independent assurance to the Audit & Risk Committee, Chief Executive and Board;
- (f) The work of the External Auditor and consider the findings, implications and management's responses to their work;

3.1.3 Agree the Accounting Policies to be adopted for the preparation of the financial statements and receive the External Auditor's annual governance report prepared in accordance with the relevant International Accounting Standards. The Audit & Risk Committee shall review the Annual Report and Financial Statements before submission to the Board.

3.1.4 The Audit & Risk Committee must assess the work and the fees of External Audit on an annual basis to ensure that the work is of a sufficiently high standard and that the fees are reasonable. The Audit & Risk Committee shall make a recommendation to the Council of Governors with respect to the re-appointment of the External Auditors. The Trust will undertake market-testing for the appointment of external auditors at least once every five years.

3.1.5 Where the Audit & Risk Committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wish to raise, the Chairman of the Audit & Risk Committee should raise the matter at a full meeting of the Board of Directors. Exceptionally, the matter may need to be referred to the Independent Regulator via the Chief Finance Officer.

3.1.6 It is the responsibility of the Chief Finance Officer to ensure an adequate Internal Audit service is provided and the Audit & Risk Committee shall be involved in the selection process when/if an Internal Audit service provider is changed.

3.1.7 Further detail on the role, responsibility and powers of the Audit & Risk Committee are contained in its Terms of Reference.

3.2 Chief Finance Officer

3.2.1 The Chief Finance 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 function is adequate and meets the NHS mandatory audit standards;
- (c) Deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption;
- (d) Ensuring that an annual Internal Audit report is prepared for the consideration of the Audit & Risk Committee and the Board. The report must cover:
 - (i) A clear opinion on the effectiveness of internal control;
 - (ii) Major internal financial control weaknesses discovered;
 - (iii) Progress on the implementation of internal audit recommendations;
 - (iv) Progress against plan over the previous year;
 - (v) Strategic audit plan covering the coming three years;
 - (vi) A detailed plan for the coming year.

3.2.2 The Chief Finance Officer and designated internal and external auditors are entitled without necessarily giving prior notice to require and receive:

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

3.3 Role of Internal Audit

3.3.1 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 and reliability of financial and other related management data;
- (d) The extent to which the Trust's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
 - (i) Fraud and other offences;
 - (ii) Waste, extravagance, inefficient administration;
 - (iii) Poor value for money or other causes.
- (e) Internal Audit shall also independently verify the Assurance Statements in accordance with guidance from the Independent Regulator.

3.3.2 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 Chief Finance Officer must be notified immediately.

- 3.3.3 The Head of Internal Audit will normally attend Audit & Risk Committee meetings and has a right of access to all Audit & Risk Committee members, the Chairman and Chief Executive of the Trust.
- 3.3.4 The Head of Internal Audit shall be accountable to the Chief Finance Officer. The reporting system for Internal Audit shall be agreed between the Chief Finance Officer, the Audit & Risk Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit Standards. The reporting system shall be reviewed at least every three years.
- 3.3.5 The designated officers must carry out agreed audit recommendations within the timescale for action agreed with the Head of Internal Audit. Failure to do so shall be reported to the Audit & Risk Committee and to the Chief Executive who shall take necessary action to ensure compliance with such recommendations.

3.4 External Audit

- 3.4.1 The External Auditor is appointed by the Council of Governors and paid for by the Trust. The Audit & Risk Committee must ensure a cost-efficient service.
- 3.4.2 The Trust must ensure that the External Auditor appointed by the Council of Governors meets the criteria set out in the Audit Code for NHS Foundation Trusts at the date of appointment and on an on-going basis throughout the term of their appointment.
- 3.4.3 External Audit must comply with the responsibilities and functions set out in the Audit Code for NHS Foundation Trusts and under Part 1 of the Health and Social Care Act 2003.

3.5 Fraud & Corruption

- 3.5.1 In line with their responsibilities, the Trust's Chief Executive and Chief Finance Officer shall monitor and ensure compliance with the requirements included in the NHS Standard Contract on fraud and corruption, and with the requirements of the Bribery Act 2010 and other relevant legislation that has been or may be enacted.
- 3.5.2 The Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist as specified by the NHS Counter Fraud Authority (NHSCFA).
- 3.5.3 The Local Counter Fraud Specialist shall report to the Trust's Chief Finance Officer and shall work with staff in NHSCFA in accordance with the NHS Standard Contract.
- 3.5.4 The Local Counter Fraud Specialist will provide regular reports to the Audit & Risk Committee, including a written Annual Report.

3.6 Security Management

- 3.6.1 In line with their responsibilities, the Trust's Chief Executive will monitor and ensure compliance with the requirements included in the NHS Standard Contract on NHS security management. The Trust is now held to account by its NHS commissioners for performance against these standards.
- 3.6.2 The Trust shall nominate a suitable person to carry out the duties of the Local Security Management Specialist (LSMS) as specified by guidance on NHS security management.
- 3.6.3 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).

4. Business Planning, Budgets, Budgetary Control & Monitoring

4.1 Preparation & Approval of Plans & Budgets

- 4.1.1 The Chief Executive will compile and submit to the Board an Annual Plan which complies with the requirements of the Independent Regulator.
- 4.1.2 The plan will be approved by the Board of Directors and have regard to the views of the Council of Governors.
- 4.1.3 The plan will be submitted to the Independent Regulator in accordance with their timetable.
- 4.1.4 Prior to the start of the financial year the Chief Finance Officer will, on behalf of the Chief Executive, prepare and submit budgets for approval by the Board. Such budgets will:
- (a) be in accordance with the aims and objectives set out in the Annual Plan;
 - (b) accord with workload and manpower plans;
 - (c) be produced following discussion with appropriate budget holders;
 - (d) be prepared within the limits of available funds;
 - (e) identify potential risks.
- 4.1.5 The Chief Finance Officer shall monitor financial performance against budget and plan, periodically review them, and report to the Board.
- 4.1.6 All budget holders must provide information as required by the Chief Finance Officer to enable budgets to be compiled.
- 4.1.7 All budget holders will sign to agree their allocated budgets at the commencement of each financial year.
- 4.1.8 The Chief Finance Officer is responsible for ensuring that adequate training is delivered on an on-going basis to budget holders to help them manage their budgets successfully.

4.2 Budgetary Delegation

- 4.2.1 The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:
- (a) The amount of the budget;
 - (b) The purpose(s) of each budget heading;
 - (c) Individual and group responsibilities;
 - (d) Achievement of planned levels of service;
 - (e) The provision of regular reports.
- 4.2.2 The Chief Executive and delegated budget holders must not exceed the budgetary total.
- 4.2.3 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Executive.
- 4.2.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the Chief Finance Officer.

4.3 Budgetary Control & Reporting

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

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

4.3.2 Each Budget Holder is responsible for ensuring that:

- (a) Any likely overspending or reduction of income is not incurred without the prior consent of the Board;
- (b) The amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised.
- (c) No permanent employees are appointed without the approval of the Chief Executive other than those provided for within the available resources and manpower establishment as approved by the Board.

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

4.4 Capital Expenditure

4.4.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. The particular applications relating to capital are contained in SFI Section 13. The Capital Programme and any amendments will be approved in advance by the Board of Directors.

4.5 Monitoring Returns

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

5. Annual Accounts & Reports

- 5.1 The Chief Executive, as the Accounting Officer, will sign the Annual Accounts.
- 5.2 The Chief Executive will direct the Chief Finance Officer to:
- (a) Prepare financial returns in accordance with the accounting policies and guidance given by the Independent Regulator, the Trust's accounting policies, and generally accepted accounting practice;
 - (b) Prepare and submit annual financial reports to the Independent Regulator and Parliament in accordance with current guidelines; and
 - (c) Submit financial returns to the Independent Regulator and Parliament for each financial year in accordance with the prescribed timetable.
- 5.3 The Trust's audited annual accounts must be presented to the Board of Directors for approval and received at a public meeting of the Council of Governors. A copy should be forwarded to the Independent Regulator and made available to the public.
- 5.4 The Trust will publish an Annual Report in accordance with the Constitution, and present it at the Council of Governors general meeting. The document will comply with the Independent Regulator's Financial Reporting Manual.

6. Bank & Government Banking Service Accounts

6.1 General

- 6.1.1 The Chief Finance Officer is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of accounts. This advice will take into account guidance and directions issued from time to time by the Independent Regulator.
- 6.1.2 Only the Chief Finance Officer shall open or close bank accounts in the name of the Trust. The Board shall approve the banking arrangements.

6.2 Bank & Government Banking Service Accounts

- 6.2.1 The Chief Finance Officer is responsible for all bank accounts and the Government Banking Service (GBS) accounts including:
- (a) Establishing separate bank accounts for the Trust's non-exchequer funds;
 - (b) Ensuring payments made from bank accounts do not exceed the amount credited to the account except where arrangements have been made; and
 - (c) Reporting to the Board all arrangements made with the Trust's bankers for accounts to be overdrawn.

6.3 Banking Arrangements

- 6.3.1 The Chief Finance Officer will prepare detailed instructions on the operation of bank and GBS accounts which must include:
- (a) The conditions under which each bank and GBS account is to be operated;
 - (b) The limit to be applied to any overdraft; and
 - (c) Those authorised to sign cheques or other orders drawn on the Trust's accounts.
- 6.3.2 The Chief Finance Officer must advise the Trust's bankers in writing of the conditions under which each account will be operated.

6.4 Tendering & Review

- 6.4.1 The Chief Finance Officer will review the banking arrangements of the Trust at regular intervals, and at least every five years, to ensure they reflect best practice and represent value for money. Following such reviews the Chief Finance Officer shall determine whether or not re-tendering for services is necessary and seek the approval of the Finance, Planning & Digital Committee to pursue the proposed course of action.

7. Income, Fees & Charges & Security of Cash, Cheques & other Negotiable Instruments

7.1 Income Systems

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

7.1.2 The Chief Finance Officer is also responsible for the prompt banking of all monies received.

7.2 Fees & Charges

7.2.1 The Trust shall follow the Department of Health guidance in the Operating Framework, or additional guidance issued by NHS England or the Independent Regulator, in setting prices for NHS service agreements.

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

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

7.3 Debt Recovery

7.3.1 The Chief Finance Officer is responsible for the appropriate recovery action on all outstanding debts.

7.3.2 Income not received and deemed to be irrecoverable should be dealt with in accordance with losses procedures.

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

7.4 Security of Cash, Cheques & other Negotiable Instruments

7.4.1 The Chief Finance 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;
- (c) The provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines;
- (d) Prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust.

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

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

- 7.4.4 The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Trust is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Trust from responsibility for any loss, before the deposit is accepted.
- 7.4.5 To comply with money laundering legislation, the Chief Finance Officer will issue instructions that the Trust will not accept cash payments of amounts greater than £8,000 in respect of any single transaction. Any attempts by an individual to effect payment above this amount should be notified immediately to the Chief Finance Officer.

8. Tendering & Contracting Procedure

8.1 General

The tendering and contracting procedure below applies except where the requirement is covered by an existing NHS contract or framework. Dependant on the terms of the framework a direct award or mini-competition may be required to be completed. Shropshire Healthcare Procurement Service can advise on the most appropriate method.

- 8.1.1 The procedure for making all contracts by or on behalf of the Trust shall comply with these SFIs.
- 8.1.2 Directives by the Council of the European Union promulgated by the Department of Health & Social Care (DHSC) prescribing procedures for awarding all forms of contracts shall have effect as if incorporated in these SFIs. Note that rules originating from EU directives are retained in UK law until a new set of regulations is legislated for following the 'Transforming Public Procurement' green paper.
- 8.1.3 The Trust shall comply as far as is practicable with the requirements of NHS Improvement guidance, the Treasury Financial Reporting Manual and "Estatecode" in respect of capital investment and estate and property transactions.
- 8.1.4 Orders must not be placed for goods or services which have been split or otherwise placed in a manner to avoid the financial thresholds for tendering.

8.2 **Formal Procurement Procedures (Competitive Tenders & Quotations)**

8.2.1 General Applicability

The Trust shall ensure that competitive tenders and quotations are invited for:

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

8.2.2 Exceptions and instances where formal procurement procedures need not be applied

Formal procurement procedures (competitive tenders and quotations) need not be applied where:

- (a) The estimated expenditure or income does not, or is not reasonably expected to, exceed the lower limit laid down in the Scheme of Delegation (currently £20,000); it is a breach of SFIs to split contracts to avoid these thresholds;
- (b) Where the supply is proposed under special arrangements negotiated by the DHSC or other NHS procurement agency in which event the said special arrangements must be complied with;

Competitive tenders and quotations may be waived in the following circumstances:

- (c) In exceptional circumstances where the Chief Executive decides that formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate Trust record;
- (d) Where the requirement is covered by an existing contract;

- (e) Where contracts have been awarded for the benefit of Public Sector Bodies, to which the Trust is entitled to access (e.g. framework contracts);
- (f) Where a national or regional consortium arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the consortium members;
- (g) Where the timescale genuinely precludes competitive tendering (but failure to plan the work properly would not be regarded as a justification for a single tender);
- (h) Where specialist expertise is required and is available from only one source;
- (i) When the task is essential to complete the project, and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate;
- (j) There is a clear benefit to be gained from maintaining continuity with an earlier project. However in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering;
- (k) For the provision of legal advice and services providing that any legal firm or partnership commissioned by the Trust is regulated by the Law Society for England and Wales for the conduct of their business (or by the Bar Council for England and Wales in relation to the obtaining of Counsel's opinion) and are generally recognised as having sufficient expertise in the area of work for which they are commissioned. The Chief Finance Officer will ensure that any fees paid are reasonable and within commonly accepted rates for the value of such work;

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

8.2.3 Where it is decided that formal procurement procedures are not applicable and competitive tenders or quotations should be waived

The fact of the waiver and the reasons should be documented on a "Competition Waiver Form" (available from Procurement or from the Trust intranet), authorised by the Chief Finance Officer and/or Chief Executive, and forwarded to Procurement for final approval by the Head of Procurement or their deputy.

All waivers must be reported to the next Audit & Risk Committee meeting.

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

8.3 **Contracting/Tendering Procedure**

Paper based or electronic tenders

The tendering process may be paper based or using an electronic tendering system. For tenders managed by the Procurement department, they use a fully audited electronic sealed bid process, where quotations and tenders cannot be opened until the set date and time. There is a complete electronic audit trail built into this process.

The following paragraphs indicate where the tendering process is different between paper and electronic.

8.3.1 Invitation to tender

- (a) All invitations to tender shall state the date and time as being the latest time for the receipt of tenders.
- (b) For paper tenders, all invitations to tender shall state that no tender will be accepted unless:

- (i) Submitted in a plain sealed package or envelope bearing a pre-printed label supplied by the Trust (or the word "tender" followed by the subject to which it relates) and the latest date and time for the receipt of such tender addressed to the Chief Executive or nominated Manager;
 - (ii) tender envelopes/packages do not bear any names or marks indicating the sender. The use of courier/postal services must not identify the sender on the envelope or on any receipt so required by the deliverer.
- (c) For electronic tenders, the invitation shall state that only tenders submitted electronically will be considered.
 - (d) Every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable
 - (e) Every tender for building or engineering works (except for maintenance work, when Estmancode guidance shall be followed) shall embody or be in the terms of the current edition of one of the Joint Contracts Tribunal Standard Forms of Building Contract or Department of the Environment (GC/Wks) standard forms of contract amended to comply with concode; or, when the content of the work is primarily engineering, the General Conditions of Contract recommended by the Institution of Mechanical and Electrical Engineers and the Association of Consulting Engineers (Form A), or (in the case of civil engineering work) the General Conditions of Contract recommended by the Institute of Civil Engineers, the Association of Consulting Engineers and the Federation of Civil Engineering Contractors. These documents shall be modified and/or amplified to accord with Department of Health guidance and, in minor respects, to cover special features of individual projects. Any other significant amendments must be notified to the Business Risk and Investment Committee.

8.3.2 Receipt and safe custody of tenders

- (a) For paper tenders, the Chief Executive or his nominated representative will be responsible for the receipt, endorsement and safe custody of tenders received until the time appointed for their opening. The date and time of receipt of each tender shall be endorsed on the tender envelope/package.
- (b) For electronic tenders, the tenders are locked automatically until the published date and time of opening. The date and time of receipt of each tender is stored electronically.

8.3.3 Opening tenders and register of tenders (paper tenders)

- (a) As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened by two Executive Directors or Board Directors, who will not be from the originating department.
- (b) The 'originating' Department will be taken to mean the Department sponsoring or commissioning the tender.
- (c) Every tender received shall be marked with the date of opening and initialled, alongside the tender total, by those present at the opening.
- (d) A register shall be maintained by the Chief Executive, or a person authorised by him, to show for each set of competitive tender invitations despatched;
 - (i) The name of all firms' individuals invited;
 - (ii) The names of firms individuals from which tenders have been received;
 - (iii) The date the tenders were opened;
 - (iv) The persons present at the opening;

- (v) The price shown on each tender;
- (vi) A note where price alterations have been made on the tender.

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

- (e) Incomplete tenders, i.e. those from which information necessary for the adjudication of the tender is missing, and amended tenders i.e., those amended by the tenderer upon his own initiative either orally or in writing after the due time for receipt, but prior to the opening of other tenders, should be dealt with in the same way as late tenders. (paragraph 8.3.5 below).

8.3.4 Opening tenders and register of tenders (electronic tenders)

- (a) Because the Procurement department use a fully audited electronic sealed bid process, where quotations and tenders cannot be opened until the set date and time, there is a complete electronic audit trail of viewing, opening dates, times, responses and amendments, automatically built into the process.
- (b) After the closing date the tender documents are available electronically to see. Only senior managers in the Procurement department have this access.

8.3.5 Admissibility

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

8.3.6 Late tenders

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

8.3.7 Acceptance of formal tenders

- (a) Any discussions with a tenderer which are deemed necessary to clarify technical aspects of his tender before the award of a contract will not disqualify the tender.
- (b) The lowest tender, if payment is to be made by the Trust, or the highest, if payment is to be received by the Trust, shall be accepted unless there are good and sufficient reasons to the contrary. Such reasons shall be set out in either the contract file, or other appropriate record.

- (c) It is accepted that for professional services such as management consultancy, the lowest price does not always represent the best value for money. Other factors affecting the success of a project include:
 - (i) Experience and qualifications of team members;
 - (ii) Understanding of client's needs;
 - (iii) Feasibility and credibility of proposed approach;
 - (iv) Ability to complete the project on time.
- (d) Where other factors are taken into account in selecting a tenderer, these must be clearly recorded and documented in the contract file prior to requesting tenders, and the reason(s) for not accepting the lowest tender clearly stated.
- (e) No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with these Instructions except with the authorisation of the Chief Executive.
- (f) The use of these procedures must demonstrate that the award of the contract was:
 - (i) Not in excess of the going market rate / price current at the time the contract was awarded;
 - (ii) That best value for money was achieved.
- (g) All tenders should be treated as confidential and should be retained for inspection.

8.3.8 Tender reports to the Trust Board

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

8.3.9 Approved firms

- (a) Firms invited to tender shall ensure that when engaging, training, promoting or dismissing employees or in any conditions of employment, they do not discriminate against any person because of colour, race, ethnic or national origins, religion, gender or sexual orientation and that they comply with the provisions of the Equal Pay Act 1970, Equality legislation, the Bribery Act 2010 or related legislation.
- (b) Firms shall conform at least with the requirements of the Health and Safety at Work Act and any amending and/or other related legislation concerned with the health, safety and welfare of workers and other persons, and to any relevant British Standard Code of Practice issued by the British Standard Institution. Firms must provide to the appropriate manager a copy of its safety policy and evidence of the safety of plant and equipment, when requested.
- (c) The Chief Finance Officer may make or institute any enquiries they deem appropriate concerning the financial standing and financial suitability of approved contractors. The Director with lead responsibility for clinical governance will similarly make such enquiries as is felt appropriate to be satisfied as to their technical/medical competence.

8.4 **Quotations: Competitive and Non-Competitive**

8.4.1 Quotations are required where formal tendering procedures are not adopted and where the intended expenditure or income exceeds, or is reasonably expected to exceed £20,000 but not exceed £60,000. This is for expenditure where more than one supplier is generally available and excludes:

- (a) Custom/bespoke made one-off items for patient care;

- (b) High cost implants for complex surgical cases (e.g. scoliosis) where the total cost for the case is less than £20,000 and value for money can be evidenced.

8.4.2 Competitive Quotations

- (a) Quotations should be obtained from at least 3 firms/individuals, unless the intended income or expenditure is less than £30,000 when 2 quotations will be acceptable. The quotations will be based on specifications or terms of reference prepared by, or on behalf of, the Trust;
- (b) Quotations should be in writing unless the Chief Executive or their nominated officer determines that it is impractical to do so in which case quotations may be obtained by telephone. Confirmation of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record;
- (c) All quotations should be treated as confidential and should be retained for inspection;
- (d) The Chief Executive or their nominated officer should evaluate the quotation and select the quote which gives the best value for money. If this is not the lowest quotation if payment is to be made by the Trust, or the highest if payment is to be received by the Trust, then the choice made and the reasons why must be recorded in a permanent record.

8.4.3 Non-Competitive Quotations

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

- (a) The supply of proprietary or other goods of a special character and the rendering of services of a special character, for which it is not, in the opinion of the responsible officer, possible or desirable to obtain competitive quotations;
- (b) The supply of goods or manufactured articles of any kind which are required quickly and are not obtainable under existing contracts;
- (c) Where the goods or services are for building and engineering maintenance the responsible works manager must certify that the first two conditions of this paragraph apply.

8.4.4 Quotations to be within financial limits

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

8.5 **Authorisation of Competitive Tenders and Quotations**

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

<u>Quotations</u>	
Designated budget holders	Up to £3,000
Operational Delivery Lead / Service Lead	Up to £15,000
Directors	Up to £50,000
<u>Tenders</u>	
2 Executive Directors	Up to £249,999
Trust Board	Over £250,000

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

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

8.6 Where Formal Competitive Tendering/Competitive Quotation is not required

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

- (a) The Trust shall use the local procurement service for procurement of all goods and services unless the Chief Executive or nominated officers deem it inappropriate. The decision to use alternative sources must be documented.
- (b) If the Trust does not use the local procurement service - where tenders or quotations are not required, because expenditure is below £20,000, the Trust shall procure goods and services in accordance with procurement procedures approved by the Chief Finance Officer.

8.7 Significant & Material Transactions

8.7.1 All significant and material transactions must comply with the requirements of the Risk Assurance Framework and the Trust's Constitution.

8.7.2 All major transactions whether or not they comply with the definitions of "Significant or Material Transactions" will be risk assessed in line with best practice, and in line with the Trust's Investment Decision Making Policy and approved by the Trust Board

8.7.3 All significant transactions must be explicitly approved by the Board and the Trust's Governors.

8.8 Compliance Requirements for all Contracts

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

- (a) The Trust's Constitution and SFIs;
- (b) EU Directives and other statutory provisions;
- (c) Any relevant directions including the Capital Investment Manual, Estatecode and guidance on the Procurement and Management of Consultants;
- (d) Such of the NHS Standard Contract Conditions as are applicable;
- (e) Contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance;
- (f) Contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited. If a departure becomes necessary the reasons for the departure must be recorded in a permanent record and in the project file;
- (g) In all contracts made by the Trust, the Board shall endeavour to obtain best value for money by use of all systems in place. The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Trust.

8.9 Agency or Temporary Staff Contracts

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

8.10 Healthcare Services Agreements (see overlap with SFI No. 9)

8.10.1 Service agreements with NHS providers for the supply of clinical and non-clinical support services shall be drawn up in accordance with guidance issued by the independent regulator, or subsequent responsible NHS body.

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8.11 Disposals (see overlap with SFI No. 15)

- 8.11.1 Competitive Tendering or Quotation procedures shall not apply to the disposal of:
- (a) Any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the Chief Executive or their 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 £10,000, this figure to be reviewed on a periodic basis;
 - (d) Items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;
 - (e) Land or buildings concerning which Secretary of State guidance has been issued but subject to compliance with such guidance.

8.12 In-House Services

- 8.12.1 The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis. The Trust may also determine from time to time that in-house services should be market tested by competitive tendering.
- 8.12.2 In all cases where the Board determines that in-house services should be subject to competitive tendering the following groups shall be set up:
- (a) Specification group, comprising the Chief Executive or nominated officers and specialist;
 - (b) In-house tender group, comprising a nominee of the Chief Executive and technical support;
 - (c) Evaluation team, comprising normally a specialist officer, a supplies officer and a Chief Finance Officer representative.
- 8.12.3 All groups should work independently of each other and individual officers may be a member of more than one group but no member of the in-house tender group may participate in the evaluation of tenders.
- 8.12.4 The evaluation team shall make recommendations to the Board.
- 8.12.5 The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the Trust.

8.13 Applicability of SFIs on Tendering/Contracting to Funds Held on Trust

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

9. Contracts for the Provision of Healthcare Services

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- 9.1 The Chief Executive is responsible for signing the annual legally binding contract, with Commissioners, using the standard NHS contract terms and conditions where appropriate, detailing the basis on which the Trust will provide healthcare services. Any variations to the standard terms and conditions will be approved in accordance with the Scheme of Delegation.
- 9.2 The Chief Executive is responsible for negotiating contracts for the provision of services to patients in accordance with the annual Business Plan. In carrying out these functions, the Chief Executive should take into account the advice of the Chief Finance Officer regarding costing and pricing of services, payment terms and conditions and amendments to service agreements.
- 9.3 Contracts should be so devised as to achieve activity and performance targets, minimise risk, and maximise the Trust's opportunity to generate income. The Trust will produce a local tariff in accordance with NHS guidelines, for services outside the scope of the national tariff.
- 9.4 The Chief Finance Officer will report any negotiated contract which uses terms other than those laid down in the NHS Contract or the Operating Framework to the Trust Board.
- 9.5 The Chief Finance Officer shall ensure that a summary of the Trust's agreed contracts is reported annually to the Board, prior to the start of the financial year. The Chief Finance Officer shall also produce regular reports to the Board detailing actual and forecast contract income with a detailed assessment of the variable elements of income.

10. Terms of Service, Allowances & Payment of Members of the Trust Board & Executive Committee Employees

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10.1 Remuneration & Terms of Service

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

The Committee will advise the Board about appropriate remuneration and terms of service for the Chief Executive, and other senior employees not on Agenda for Change terms and conditions, including:

- (a) All aspects of salary (including any performance-related elements/bonuses);
- (b) Provisions for other benefits, including pensions and cars;
- (c) Arrangements for termination of employment and other contractual terms.

There must be proper regard to the Trust's circumstances and performance, and to the provisions of any national arrangements for such members and staff where appropriate.

10.1.2 The Council of Governors will agree the remuneration for the Chairman and Non-Executive members of the Board.

10.2 Funded Establishment

10.2.1 The manpower plans incorporated within the annual plan will form the funded establishment.

10.2.2 The funded establishment of any department may not be varied without the approval of the Chief Finance Officer.

10.2.3 The total funded establishment of the Trust may not be varied without the approval of the Chief Executive.

10.3 Staff Appointments

10.3.1 No officer or member of the Trust Board or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration unless the following conditions are met:

- (a) They have delegated authority in accordance with the Scheme of Delegation.
- (b) The appointment is within the limit of their approved budget and funded establishment.
- (c) The appointment has been made in accordance with procedures agreed by the Chief Executive.

10.3.2 The Board will approve procedures presented by the Chief Executive for the determination of commencing pay rates, condition of service, etc. for employees.

10.4 Processing Payroll

10.4.1 The Chief Finance Officer is responsible for:

- (a) Specifying timetables for submission of properly authorised time records and other notifications;
- (b) The final determination of pay and allowances;
- (c) Making payment on agreed dates;
- (d) Agreeing method of payment.

10.4.2 The Chief Finance Officer will issue instructions regarding:

- (a) Verification and documentation of data;
- (b) The timetable for receipt and preparation of payroll data and the payment of employees and allowances;
- (c) Maintenance of subsidiary records for pensions, income tax, social security and other authorised deductions from pay;
- (d) Security and confidentiality of payroll information;
- (e) Checks to be applied to completed payroll before and after payment;
- (f) Authority to release payroll data under the provisions of the Data Protection Act;
- (g) Methods of payment available to various categories of employee and officers;
- (h) Procedures for payment by cheque, bank credit, or cash to employees and officers;
- (i) Procedures for the recall of cheques and bank credits;
- (j) Pay advances and their recovery;
- (k) Maintenance of regular and independent reconciliation of pay control accounts;
- (l) Separation of duties of preparing records and handling cash;
- (m) A system to ensure the recovery from those leaving the employment of the Trust of sums of money and property due by them to the Trust.

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

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

10.5 Contracts of Employment

10.5.1 The Board shall delegate responsibility to an officer for:

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

11. Non-Pay Expenditure

11.1 Delegation of Authority

- 11.1.1 The Board will approve the level of non-pay expenditure on an annual basis and the Chief Executive will determine the level of delegation to budget managers.
- 11.1.2 The levels to be delegated are set out in the Trust's Scheme of Delegation, which should be referred to for further detail.
- 11.1.3 The Chief Executive will set out:
- (a) The list of managers who are authorised to place requisitions for the supply of goods and services;
 - (b) The maximum level of each requisition and the system for authorisation above that level.
- 11.1.4 The Chief Executive shall set out procedures on the seeking of professional advice regarding the supply of goods and services.

11.2 Ordering, Receipt and Payment for Goods and Services

11.2.1 Requisitioning

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

11.2.2 System of Payment and Payment Verification

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

The Chief Finance Officer will:

- (a) Advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in SFIs and regularly reviewed;
- (b) Prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds;
- (c) Be responsible for the prompt payment of all properly authorised accounts and claims;
- (d) Be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
 - (i) A list of employees (including specimens of their signatures) authorised to approve payments;
 - (ii) Certification that:
 - Goods have been duly received, examined and are in accordance with specification and the prices are correct;
 - Work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;

- In the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;
 - Where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
 - The account is arithmetically correct;
 - The account is in order for payment.
- (iii) A timetable and system for submission to the Chief Finance Officer of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment.
- (iv) Instructions to employees regarding the handling and payment of accounts within the Finance Department.
- (e) Be responsible for ensuring that payment for goods and services is only made once the goods and services are received. The only exceptions are set out in paragraph 11.2.3 below.

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

11.2.4 Official orders

Official Orders must:

- (a) Be uniquely identified by use of an internally approved process;
- (b) Be in a form approved by the Chief Finance Officer;
- (c) State the Trust's terms and conditions of trade, including the need for suppliers to quote a valid order number when submitting invoices for payment;
- (d) Only be issued to, and used by, those duly authorised by the Chief Executive. Lists of authorised officers shall be maintained and a copy of each list supplied to the Chief Finance Officer;
- (e) May be transmitted by a system of Electronic Data Interchange (EDI) approved by the Chief Finance Officer;

- (f) Be authorised, prior to being issued, according to the Trust's Scheme of Delegation.

11.2.5 Duties of Managers and Officers

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

- (a) All contracts (except as otherwise provided for in the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Chief Finance Officer in advance of any commitment being made;
- (b) Contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement;
- (c) Where consultancy advice is being obtained, the procurement of such advice must be in accordance with best practice;
- (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. As laid out in the Standards of Business Conduct policy, this excludes:
 - (i) Isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;
 - (ii) Conventional hospitality, such as reasonable lunches in the course of working visits.
- (e) No requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Chief Finance Officer on behalf of the Chief Executive;
- (f) All goods, services, or works are ordered on an official order except works and services executed in accordance with a contract and purchases from petty cash or using the corporate credit card;
- (g) Verbal orders must only be issued very exceptionally - by an employee designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "Confirmation Order";
- (h) Orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- (i) Goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;
- (j) Changes to the list of employees and officers authorised to certify invoices are notified to the Chief Finance Officer;
- (k) Purchases from petty cash or using the corporate credit card are restricted in value and by type of purchase in accordance with instructions issued by the Chief Finance Officer;
- (l) Petty cash and corporate credit card records are maintained in a form as determined by the Chief Finance Officer;
- (m) Drugs shall only be ordered via the Pharmacy Department.

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

11.2.7 All staff have a responsibility for the maintenance of confidentiality of all information. No member of staff shall reveal information that could:

- (a) Prejudice fair competition;
- (b) Result in the Trust failing to achieve the most advantageous price in respect of purchases or income in respect of sales

Any breach of confidentiality, whether or not for personal gain, may render an individual open to disciplinary action in accordance with the Trust's Disciplinary Procedures, and may ultimately result in dismissal.

11.2.8 Payments to local authorities and voluntary organisations made under the powers of section 256 of the NHS Act 2006 (previously known as Section 28a payments) shall comply with procedures laid down by the Chief Finance Officer which shall be in accordance with this Act.

12. Financial Framework

12.1 External Borrowing

- 12.1.1 The Chief Finance Officer will advise the Board concerning the ability of the Trust to pay interest and make repayments on any proposed new borrowing. The Chief Finance Officer is also responsible for reporting periodically to the Board concerning any loans or overdrafts.
- 12.1.2 The Chief Finance Officer will advise the Board if a working capital facility is required to safeguard short term cash flow. If required the Chief Finance Officer will negotiate such a facility with a commercial bank.
- 12.1.3 Any application for working capital or overdraft facilities will only be made by the Chief Finance Officer and the Chief Executive or by an employee so delegated.
- 12.1.4 The Chief Finance Officer must prepare detailed procedural instructions concerning applications for working capital facilities or overdrafts.
- 12.1.5 All short term borrowing should be kept to the minimum period of time possible, consistent with the cash flow position. Any short term borrowing requirement in excess of one month must be authorised by the Chief Finance Officer and Chief Executive or an employee so delegated.
- 12.1.6 All long term borrowing must be consistent with the plans outlined in the Annual Plan and in accordance with the Treasury Management policy.

12.2 Investments

- 12.2.1 Temporary cash surpluses must be held only in such public or private sector investments as authorised by the Board of Directors and in line with the Treasury Management Policy and the Independent Regulator's guidance, "Managing Operating Cash in NHS Foundation Trusts" as outlined in the Trust's Treasury Management Policy.
- 12.2.2 The Chief Finance Officer is responsible for advising the Board of Directors on investments and shall therefore report annually to the Board of Directors concerning the performance of investments held.
- 12.2.3 The Chief Finance Officer will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.
- 12.2.4 The Trust must comply with all relevant guidance published on investments from time to time.

13. Capital Investment, Private Financing, Fixed Asset Registers & Security of Assets

13.1 Capital Investment

13.1.1 The Chief Executive:

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

13.1.2 For every new capital investment, the Chief Executive shall ensure:

- (a) That a business case is completed in line with best practice as set out in the Trust's Business Case & Investment Policy. This should include:
 - (i) An option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
 - (ii) The involvement of appropriate Trust personnel and external agencies;
 - (iii) Appropriate project management and control arrangements.
- (b) That the Chief Finance Officer has reviewed and confirmed the costs and revenue consequences detailed in the business case.

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

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

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

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

- (a) Specific authority to commit expenditure;
- (b) Authority to proceed to tender (see overlap with SFI No. 8);
- (c) Approval to accept a successful tender (see overlap with SFI No. 8).

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

13.2 Private Finance (including Leasing)

13.2.1 When the Trust proposes to use private finance or leasing the following procedures shall apply:

- (a) The proposal must obtain approval commensurate with that which is required were the assets, goods or services to be obtained by outright purchase i.e. employees must follow annual planning guidance;

- (b) The Chief Finance Officer shall demonstrate that the financing represents value for money and genuinely transfers risk to the private sector in accordance with relevant guidance.
- (c) Any leases must be agreed and signed by the Chief Finance Officer if less than £100,000 and the Chief Finance Officer and Chief Executive above that.

13.3 Asset Registers

- 13.3.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Chief Finance Officer concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted once a year.
- 13.3.2 The Trust shall maintain an asset register recording fixed assets.
- 13.3.3 Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:
 - (a) Properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
 - (b) Stores, requisitions and payroll records for own materials and labour including appropriate overheads;
 - (c) Lease agreements in respect of assets held under a lease and capitalised.
- 13.3.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).
- 13.3.5 The Chief Finance Officer shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 13.3.6 The value of each asset shall be indexed to current values in accordance with the Trust's accounting policies.
- 13.3.7 The value of each asset shall be depreciated using methods and rates as specified in the Trust's accounting policies.
- 13.3.8 The Chief Finance Officer of the Trust shall calculate and pay capital charges as specified in the guidance issued by the independent regulator.
- 13.3.9 The Trust shall maintain a property register recording assets used in the delivery of Commissioner Requested Services, in accordance with guidance issued by the independent regulator.

13.4 Security of Assets

- 13.4.1 The overall control of capital assets is the responsibility of the Chief Executive.
- 13.4.2 Asset control procedures (including capital assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Chief Finance Officer. These procedures shall make provision for:
 - (a) Recording managerial responsibility for each asset;
 - (b) Identification of additions and disposals;
 - (c) Identification of all repairs and maintenance expenses;
 - (d) Physical security of assets;

(e) Periodic verification of the existence of, condition of, and title to, assets recorded;

(f) Identification and reporting of all costs associated with the retention of an asset;

(g) Reporting, recording and safekeeping of cash, cheques, and negotiable instruments.

13.4.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Chief Finance Officer.

13.4.4 Whilst each employee and officer has a responsibility for the security of property of the Trust, it is the responsibility of Board members and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the Board. Any breach of agreed security practices must be reported in accordance with agreed procedures. (see SFI No. 15)

13.4.5 Any damage to the Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by Board members and employees in accordance with the procedure for reporting losses. (see SFI No. 15)

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

14. Stores & Receipt of Goods

14.1 General

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

- (a) Kept to a minimum;
- (b) Subjected to annual stock take;
- (c) Valued in accordance with the Trust's accounting policies.

14.2 Control of Stores, Stocktaking, Condemnations & Disposals

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

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

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

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

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

14.2.6 The designated manager/Pharmaceutical Officer shall be responsible for a system approved by the Chief Finance Officer for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated officer shall report to the Chief Finance Officer any evidence of significant overstocking and of any negligence or malpractice (see also overlap with SFI No. 25). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

14.3 Receipt of Goods

14.3.1 A delivery note shall be obtained from the supplier at the time of delivery and shall be signed by the person receiving the goods. All goods received shall be checked by the appropriate department as regards quantity and/or weight and inspected as to quality and specification. Instructions shall be issued to staff covering the procedures to be adopted in those cases where a delivery note is not available.

14.3.2 All goods received, other than from NHS Supply Chain, shall be entered onto an appropriate goods received/stock record (whether a computer or manual system) on the day of receipt. If goods received are unsatisfactory, the records shall be marked accordingly. Further, where the goods received are found to be unsatisfactory or short on delivery, they shall only be accepted on the authority of the designated officer and the supplier shall be notified immediately.

15. Disposals & Condemnations, Losses & Special Payments

15.1 Disposals & Condemnations

- 15.1.1 The Chief Finance Officer must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers
- 15.1.2 When it is decided to dispose of a Trust asset, the Head of Department or authorised deputy will determine and advise the Chief Finance Officer of the estimated market value of the item, taking account of professional advice where appropriate.
- 15.1.3 All unserviceable articles shall be:
- (a) Condemned or otherwise disposed of by an employee authorised for that purpose by the Chief Finance Officer;
 - (b) Recorded by the Condemning Officer in a form approved by the Chief Finance Officer which will indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the Chief Finance Officer.
- 15.1.4 The Condemning Officer shall satisfy themselves as to whether or not there is evidence of negligence in use and shall report any such evidence to the Chief Finance Officer who will take the appropriate action.
- 15.1.5 Any disposal of IT equipment must also comply with the IT Security Policy.

15.2 Losses & Special Payments

- 15.2.1 The Chief Finance Officer must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments.
- 15.2.2 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately inform the Chief Executive and the Chief Finance Officer, or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Chief Finance Officer and/or Chief Executive. Where a criminal offence is suspected, the Chief Finance Officer must immediately inform the police if theft or arson is involved. In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the Chief Finance Officer must inform the relevant LCFS.
- 15.2.3 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Chief Finance Officer must immediately notify the Board and the External Auditor.
- 15.2.4 The Trust Board shall approve the delegation of the writing-off of losses, on an annual basis.
- 15.2.5 The Chief Finance Officer shall take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.
- 15.2.6 For any loss, the Chief Finance Officer should consider whether any insurance claim can be made.
- 15.2.7 The Chief Finance Officer shall maintain a Losses and Special Payments Register in which write-off action is recorded.
- 15.2.8 All losses and special payments must be reported to the Audit & Risk Committee at every meeting.

16. Information Technology

16.1 Responsibilities & duties of the Senior Information Risk Officer (SIRO)

- 16.1.1 The Trust's nominated Senior Information Risk Officer (SIRO), who is responsible for the accuracy and security of the computerised data of the Trust, shall:
- (a) Devise and implement any necessary procedures to ensure adequate protection of the Trust's data, programs and computer hardware for which the Director is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998 (updated 2000);
 - (b) Ensure that adequate controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient operation of the system;
 - (c) Ensure that adequate controls exist such that the routine computer operation is separated from system controls including development, maintenance and amendment;
 - (d) Ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as the Director may consider necessary are being carried out;
 - (e) Ensure that adequate controls exist to maintain the security, privacy, accuracy and completeness of financial data sent via transmission networks;
 - (f) Ensure that risks to the Trust arising from the use of I/T are effectively identified and considered and appropriate action taken to mitigate or control these risks. This shall include the preparation and testing of appropriate disaster recovery plans.

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

- 16.2.1 The Trust Secretary shall publish and maintain a Freedom of Information (FOI) Publication Scheme, or adopt a model Publication Scheme approved by the Information Commissioner.
- 16.2.2 In the case of computer systems which are procured jointly with other NHS organisations, the responsible officer will send to the Chief Finance Officer:
- (a) Details of the outline design of the system;
 - (b) In the case of packages acquired either from a commercial organisation, from the NHS, or from another public sector organisation, the operational requirement.

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

- 16.3.1 The Chief Finance Officer shall ensure that contracts for computer services for financial applications with another health organisation or any other agency shall clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes.
- 16.3.2 Where another health organisation or any other agency provides a computer service for financial applications, the Chief Finance Officer shall periodically seek assurances that adequate controls are in operation.

16.4 Requirements for Computer Systems which have an Impact on Corporate Financial System

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

- (a) Systems acquisition, development and maintenance are in line with corporate policies such as, but not limited to, an Information Technology Strategy;
- (b) Data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists;
- (c) Chief Finance Officer staff and the Trust's auditors have access to such data;
- (d) Such computer audit reviews as are considered necessary are being carried out.

17. Patient's Property

- 17.1 The Trust has a responsibility to provide safe custody for money and other personal property (hereafter referred to as "property") handed in by patients, in the possession of unconscious or confused patients, or found in the possession of patients dying in hospital or dead on arrival.
- 17.2 The Chief Executive is responsible for ensuring that patients or their guardians, as appropriate, are informed before or at admission by:
- Notices and information booklets; (subject to sensitivity guidance)
 - Hospital admission documentation and property records;
 - The oral advice of administrative and nursing staff responsible for admissions,
- that the Trust will not accept responsibility or liability for patients' property brought into Health Service premises, unless it is handed in for safe custody and a copy of an official patients' property record is obtained as a receipt.
- 17.3 The Chief Finance Officer must provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients' property (including instructions on the disposal of the property of deceased patients and of patients transferred to other premises) for all staff whose duty is to administer, in any way, the property of patients. Due care should be exercised in the management of a patient's money in order to maximise the benefits to the patient.
- 17.4 Where Department of Health and Social Care instructions require the opening of separate accounts for patients' moneys, these shall be opened and operated under arrangements agreed by the Chief Finance Officer.
- 17.5 In all cases where property of a deceased patient is of a total value in excess of £5,000 (or such other amount as may be prescribed by any amendment to the Administration of Estates, Small Payments, Act 1965), the production of Probate or Letters of Administration shall be required before any of the property is released. Where the total value of property is £5,000 or less, forms of indemnity shall be obtained.
- 17.6 Staff should be informed, on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.
- 17.7 Where patients' property or income is received for specific purposes and held for safekeeping the property or income shall be used only for that purpose, unless any variation is approved by the donor or patient in writing.

18. Funds Held on Trust

18.1 Corporate Trustee

- 18.1.1 The Trust Board is responsible, as a corporate trustee, for the management of funds it holds on trust. The Trust Board is responsible for ensuring compliance with Charity Commission latest guidance and best practice.
- 18.1.2 The discharge of the Trust's corporate trustee responsibilities are distinct from its responsibilities for exchequer funds and may not necessarily be discharged in the same manner, but there must still be adherence to the overriding general principles of financial regularity, prudence and propriety. Trustee responsibilities cover both charitable and non-charitable purposes.
- 18.1.3 The Chief Finance Officer shall ensure that each trust fund which the Trust is responsible for managing is managed appropriately with regard to its purpose and to its requirements.

18.2 Accountability to Charity Commission & Secretary of State for Health

- 18.2.1 The trustee responsibilities must be discharged separately and full recognition given to the Trust's dual accountabilities to the Charity Commission for charitable funds held on trust and to the Secretary of State for all funds held on trust.
- 18.2.2 The Schedule of Matters Reserved to the Board and the Scheme of Delegation make clear where decisions regarding the exercise of discretion regarding the disposal and use of the funds are to be taken and by whom. All Trust Board members and Trust officers must take account of that guidance before taking action.

18.3 Applicability of Standing Financial Instructions to Funds Held on Trust

- 18.3.1 In so far as it is possible to do so, most of the sections of these SFIs will apply to the management of funds held on trust.
- 18.3.2 The over-riding principle is that the integrity of each Trust must be maintained and statutory and Trust obligations met. Materiality must be assessed separately from Exchequer activities and funds.

19. Acceptance of Gifts by Staff & Link to Standards of Business Conduct

- 19.1 The Trust Secretary shall ensure that all staff are made aware of the Trust Standards of Business Conduct policy, which gives guidance on the acceptance of gifts and other benefits in kind by staff.

20. Retention of Records

- 20.1 The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with Department of Health and Social Care guidelines.
- 20.2 The records held in archives shall be capable of retrieval by authorised persons.
- 20.3 Records held in accordance with latest Department of Health and Social Care guidance shall only be destroyed at the express instigation of the Chief Executive. Detail shall be maintained of records so destroyed.

21. Risk Management & Insurance

21.1 Programme of Risk Management

- 21.1.1 The Chief Executive shall ensure that the Trust has a programme of risk management, in accordance with current guidance from the Independent Regulator, which must be approved and monitored by the Board.
- 21.1.2 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 identified and addressed including effective systems of internal control, cost effective insurance cover, and decisions on the acceptable level of retained risk;
 - (d) Contingency plans to offset the impact of adverse events;
 - (e) Audit arrangements including Internal Audit, clinical audit, health and safety review;
 - (f) A clear indication of which risks shall be insured;
 - (g) Arrangements to review the Risk Management programme.
- 21.1.3 The existence, integration and evaluation of the above elements will assist in providing a basis to make an Annual Governance Statement within the Annual Report and Accounts as required by current guidance from the Independent Regulator.

21.2 Insurance: Risk Pooling Schemes Administered by NHS Resolution

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

21.3 Insurance Arrangements with Commercial Insurers

- 21.3.1 Any decision to enter into insurance arrangements with commercial insurers must be taken by the Trust Board, the one exception being that the Trust may enter commercial arrangements for insuring motor vehicles owned/leased by the Trust, including insuring third party liability arising from their use, without Board approval.

21.4 Board Arrangements to be Followed in Agreeing Insurance Cover

- 21.4.1 Where the Board decides to use the risk pooling schemes administered by NHS Resolution, the Chief Finance Officer shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Chief Finance Officer shall ensure that documented procedures cover these arrangements.
- 21.4.2 Where the Board decides not to use the risk pooling schemes administered by NHS Resolution for one or other of the risks covered by the schemes, the Chief Finance Officer shall ensure that the Board is informed of the nature and extent of the risks that are self insured as a result of this decision. The Chief Finance Officer will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses which will not be reimbursed.
- 21.4.3 The risk pooling schemes require Scheme members to make some contribution to the settlement of claims (the 'deductible'). The Chief Finance Officer should ensure documented procedures also cover the management of claims and payments below the deductible in each case.

Policy Review

This policy requires consideration by the Audit & Risk Committee prior to approval by the Trust Board.

This policy will be reviewed every year.

Policy updated: February 2023
Next review due by: February 2024

Record of Amendments

Date	Section number	Amendments
Mar 2018	Various	Minor amendments & clarification to terminology, titles, etc.
	8.2	Clarified that the single source waiver form for waiver of competitive tendering is authorised by the Chief Finance Officer and/or Chief Executive
	8.3	Added in requirements for electronic tenders as well as the existing paper ones
	13.1	Requirement for business cases for all new capital investments
Jan 2019	8.5.1	Amended individual authorisation limits for accepting tenders to match those in the Scheme of Delegation
	21	Changed "NHS Litigation Authority" to "NHS Resolution"
Jan 2020	8.2 & 8.5	Clarification around tendering & quotation procedures & amending levels of approval to match those in the revised Scheme of Delegation
	Various	Amended "Director of Finance" to "Chief Finance Officer"
Jul 2021	8.1.2	Note added that rules originating from EU directives are retained in UK law until a new set of regulations is legislated for following the 'Transforming Public Procurement' green paper.
Feb 2023	7.4.5	Amended limit for accepting cash payments from £10,000 to £8,000 to comply with money laundering regulations
	8	Changed references to quotation and tendering limits as a result of changes to the Scheme of Delegation