

## **Standing Financial Instructions and Scheme of Delegation**

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## **1. Introduction**

### **1.1. General**

- 1.1.1. These Standing Financial Instructions (SFIs) are issued in accordance with the Trust (Functions) Directions 2000 issued by the Secretary of State which require that each Trust shall agree Standing Financial Instructions for the regulation of the conduct of its members and officers in relation to all financial matters with which they are concerned. They shall have effect as if incorporated in the Standing Orders (SOs).
- 1.1.2. These Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Decisions Reserved to the Board and the Scheme of Delegation adopted by the Trust.
- 1.1.3. Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Chief Finance Officer must be sought before acting. The user of these Standing Financial Instructions should also be familiar with and comply with the provisions of the Trust's Standing Orders.
- 1.1.4. The Standing Financial Instructions apply to all Board Members, staff and contractors and their employees.
- 1.1.5. The failure to comply with Standing Financial Instructions and Standing Orders can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.

### **1.2. Overriding Standing Financial Instructions**

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

### **1.3. Summary**

- 1.3.1. These Standing Financial Instructions identify the financial responsibilities which apply to everyone working for the Trust and its constituent organisations including Trading Units. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Chief Finance Officer.

## **2. Responsibility and delegation**

### **2.1. The Trust Board**

- 2.1.1. The Board exercises financial supervision and control by:
  - formulating the financial strategy;
  - requiring the submission and approval of budgets within allocations/overall income;
  - approved, defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money);
  - defining specific responsibilities placed on members of the Board and employees as indicated in the Scheme of Delegation document.
- 2.1.2. The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the [‘Reservation of Matters

Reserved to the Board'] document. All other powers have been delegated to such other committees as the Trust has established.

## **2.2. The Chief Executive and Chief Finance Officer**

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

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

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

## **2.3. The Chief Finance Officer**

2.3.1. The Chief Finance Officer is responsible for

- implementing the Trust's financial policies and for coordinating any corrective action necessary to further these policies;
- 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;
- ensuring that sufficient records are maintained to show and explain the Trust's transactions, in order to disclose, with reasonable accuracy, the financial position of the Trust at any time;
- and, without prejudice to any other functions of the Trust, and employees of the Trust, the duties of the Chief Finance Officer include:
  - the provision of financial advice to other members of the Board and employees;
  - the design, implementation and supervision of systems of internal financial control;
  - 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.

## **2.4. Board Members and Employees**

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

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

## **2.5. Contractors and their employees**

2.5.1. 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.

2.5.2. 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 Committee

3.1.1. In accordance with Standing Orders, the Board shall formally establish an Audit Committee, with clearly defined terms of reference and following guidance from the Code of Conduct and Accountability, NHS Trust Development Authority, (2013) which will provide an independent and objective view of internal control by:

- overseeing Internal and External Audit services;
- reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgments;
- 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
- monitoring compliance with Standing Orders and Standing Financial Instructions;
- reviewing schedules of losses and compensations and making recommendations to the Board;
- Reviewing the arrangements in place to support the Assurance Framework process prepared on behalf of the Board and advising the Board accordingly.

3.1.2. Where the Audit Committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wishes to raise, the Chairman of the Audit Committee should raise the matter at a full meeting of the Board. Exceptionally, the matter may need to be referred to the Department of Health. (To the Chief Finance Officer in the first instance.)

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

#### 3.2. Auditor Panel

3.2.1. The Board shall appoint an auditor panel in line with the Local Audit and Accountability Act 2014 to advise the Trust on the appointment of its External Auditors.

#### 3.3. Chief Finance Officer

3.3.1. The Chief Finance Officer is responsible for:

- 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;
- ensuring that the Internal Audit is adequate and meets the NHS mandatory audit standards;
- deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption;
- ensuring that an annual internal audit report is prepared for the consideration of the Audit Committee [and the Board]. The report must cover:
  - a clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the Department of Health including for example compliance with control criteria and standards;
  - major internal financial control weaknesses discovered;
  - progress on the implementation of internal audit recommendations;

- progress against plan over the previous year;
- strategic audit plan covering the coming three years;
- detailed plan for the coming year.

3.4. The Chief Finance Officer or designated auditors are entitled without necessarily giving prior notice to require and receive:

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

### 3.5. Role of Internal Audit

3.5.1. Internal Audit will review, appraise and report upon:

- the extent of compliance with, and the financial effect of, relevant established policies, plans and procedures;
- the adequacy and application of financial and other related management controls;
- the suitability of financial and other related management data;
- the extent to which the Trust's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
  - fraud and other offences;
  - waste, extravagance, inefficient administration;
  - poor value for money or other causes.

3.5.2. Internal Audit shall also independently verify the Assurance Statements in accordance with guidance from the Department of Health.

3.5.3. 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.

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

3.5.5. The Chief Internal Auditor shall be accountable to the Chief Finance Officer.

3.5.6. The reporting system for internal audit shall be agreed between the Chief Finance Officer, the Audit Committee and the Chief Internal Auditor. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit Standards. The reporting system shall be reviewed at least every three years.

### 3.6. External Audit

3.6.1. The External Auditor is appointed and paid for by the Trust. The Audit Committee must ensure a cost-efficient service.

## 4. Fraud, Bribery and Corruption

4.1. In line with their responsibilities, the Trust Chief Executive and Chief Finance Officer shall monitor and ensure compliance with Directions issued by the Secretary of State for Health and Social Care on Fraud, Bribery and Corruption; and shall ensure compliance with the provisions of the Bribery Act 2010 (where relevant), with particular regard to the offence in section 7 of that legislation.

4.2. The Trust shall nominate a suitable person to carry out the duties of the local Counter Fraud Specialist as specified by NHS Protect's NHS Counter Fraud Manual and

guidance.

4.3. The Local Counter Fraud Specialist shall report to the Chief Finance Officer and shall work with staff at NHSCFA in accordance with the NHS Counter Fraud Manual.

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

#### **4.5. Security Management**

4.5.1. In line with their responsibilities, the Trust Chief Executive will monitor and ensure compliance with Directions issued by the Secretary of State for Health on NHS security management.

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

4.5.3. The Trust shall nominate a Board Member to be responsible to the Board for NHS security management.

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

### **5. Allocations, planning, budgets, budgetary control, and monitoring**

#### **5.1. Preparation and Approval of Plans and Budgets**

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

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

5.3. 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:

- be in accordance with the aims and objectives set out in the Local Delivery Plan;
- accord with workload and manpower plans;
- be produced following discussion with appropriate budget holders;
- be prepared within the limits of available funds;
- take into account the profitability of each clinical service based on service line reporting
- identify potential risks.

5.4. The Chief Finance Officer shall monitor financial performance against budget and plan, periodically review them, and report to the Board. All budget holders must provide information as required by the Chief Finance Officer to enable budgets to be compiled. All budget holders will sign up to their allocated budgets at the commencement of each financial year. The Chief Finance Officer has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage successfully.

#### **5.5. Budgetary Delegation**

5.5.1. 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:

- the amount of the budget;
- the purpose(s) of each budget heading;

- individual and group responsibilities;
- authority to exercise virement;
- achievement of planned levels of service;
- the provision of regular reports.

5.5.2. The Chief Executive and delegated budget holders must not exceed the budgetary total or virement limits set by the Board. Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Executive, subject to any authorised use of virement. 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.

## **5.6. Budgetary Control and Reporting**

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

- monthly financial reports to the Board in a form approved by the Board containing:
- income and expenditure to date showing trends and forecast year- end position;
- movements in working capital;
- Movements in cash and capital;
- capital project spend and projected outturn against plan;
- explanations of any material variances from plan;
- 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;
- the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;
- investigation and reporting of variances from financial, workload and manpower budgets;
- monitoring of management action to correct variances; and
- arrangements for the authorisation of budget transfers.

5.6.2. Each Budget Holder is responsible for ensuring that:

- any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Board;
- the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement;
- 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.

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

## **5.7. Capital Expenditure**

5.7.1. The general rules applying to delegation and reporting shall also apply to capital expenditure.

## **5.8. Monitoring Returns**

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

## **6. Annual Report and Accounts**

- 6.1. The Chief Finance Officer, on behalf of the Trust, will:
- 6.1.1. prepare financial returns in accordance with the accounting policies and guidance given by the Department of Health and the Treasury, the Trust's accounting policies, and generally accepted accounting practice;
  - 6.1.2. prepare and submit annual financial reports to the Department of Health and Social Care certified in accordance with current guidelines;
  - 6.1.3. submit financial returns to the Department of Health and Social Care for each financial year in accordance with the timetable prescribed by the Department of Health.
- 6.2. The Trust's annual accounts must be audited by an auditor appointed by the Trust. The Trust's audited annual accounts must be presented to a public meeting and made available to the public.
- 6.3. The Trust will publish an annual report, in accordance with guidelines on local accountability, and present it at a public meeting. The document will comply with the Department of Health and Social Care Manual for Accounts.

## **7. Bank Accounts**

### **7.1. General**

- 7.2. 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/ Directions issued from time to time by the Department of Health and Social Care. Currently it is mandated to use the Government Banking Service.
- 7.3. The Board shall approve the banking arrangements.

### **7.4. Bank Accounts**

- 7.5. The Chief Finance Officer is responsible for:
- 7.5.1. bank accounts;
  - 7.5.2. ensuring payments made from bank accounts do not exceed the amount credited to the account except where arrangements have been made;
  - 7.5.3. reporting to the Board all arrangements made with the Trust's bankers for accounts to be overdrawn.
  - 7.5.4. monitoring compliance with Department of Health and Social Care guidance on the level of cleared funds.

### **7.6. Banking Procedures**

- 7.6.1. The Chief Finance Officer will prepare detailed instructions on the operation of bank accounts which must include:
- the conditions under which each bank account is to be operated;
  - those authorised to sign cheques or other orders drawn on the Trust's accounts.
- 7.7. The Chief Finance Officer must advise the Trust's bankers in writing of the conditions under which each account will be operated.

## **8. Income, fees and charges and security of cash, cheques, and other negotiable instruments**

### **8.1. Income Systems**

- 8.1.1. 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.

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

## **8.2. Fees and Charges**

8.2.1. The Trust shall follow the Department of Health and Social Care's advice in the Healthcare Costing Guidance in setting prices for NHS service agreements.

8.2.2. 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.

8.2.3. All contracts which generate income must be approved by the Chief Finance Officer or his delegated deputies.

8.2.4. 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 applicable guidance – such as that issued by NHS England – must be followed.

8.2.5. 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.

## **8.3. Debt Recovery**

8.3.1. The Chief Finance Officer is responsible for the appropriate recovery action on all outstanding debts and will draw up appropriate detailed procedures.

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

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

## **8.4. Security of Cash, Cheques and other Negotiable Instruments**

8.4.1. The Chief Finance Officer is responsible for:

- approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable;
- ordering and securely controlling any such stationery;
- 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;
- prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust.

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

8.4.3. 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.

8.4.4. 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.

## **9. Tendering and contract procedures**

### **9.1. Duty to comply with Standing Orders and Standing Financial Instructions**

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

### 9.3. **EU Directives Governing Public Procurement**

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

### 9.5. **Department of Health and Social Care Guidance**

9.6. The Trust shall comply as far as is practicable with the requirements of the NHS "Capital Regime and Investment Business Case Approvals Guidance for NHS Trusts" and "Estate code" in respect of capital investment and estate and property transactions. In the case of management consultancy contracts the Trust shall comply as far as is practicable with Department of Health guidance "The Procurement and Management of Consultants within the NHS".

### 9.7. **Formal Competitive Tendering General Applicability**

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

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

9.9. Limits for quotes, local tenders and OJEU tenders are set out in the Scheme of Delegation. The use of national and regional framework agreements (such as NHS Supply Chain, the OGC/GPS/Buying Solutions and the London Procurement Programme /LPP), including any requirement to run a mini- competition within a framework agreement, shall be deemed to satisfy the requirement for formal competitive tenders and quotation.

### 9.10. **Reverse eAuctions**

9.11. The Trust should have policies and procedures in place for the control of all tendering activity carried out through Reverse eAuctions. For further guidance on Reverse eAuctions refer to [www.crowncommercial.gov.uk](http://www.crowncommercial.gov.uk)

### 9.12. **Health Care Services**

9.13. These Standing Orders and Standing Financial Instructions shall apply as far as they are applicable to the tendering procedure.

### 9.14. **Exceptions and instances where formal tendering and quotations need not be applied**

9.15. The procedures for formal Trust-led tendering and quotations need not be applied where:

- 9.15.1. For quotations, the estimated expenditure or income does not, or is not reasonably expected, to exceed **£10,000** over the course of the entire contract or transaction;
- 9.15.2. For tenders, the estimated expenditure or income does not or is not reasonably expected, to exceed **£25,000** over the course of the entire contract or transaction; or
- 9.15.3. where the supply is proposed under special arrangements negotiated by the DH in which event the said special arrangements must be complied with; or
- 9.15.4. income is earned via an asset disposal (but the disposal must still follow the instructions for disposals as set out in Standing Financial Instructions).

- 9.16. Formal tendering and quotation procedures may be waived when:
- 9.16.1. In very exceptional circumstances where the Chief Executive decides that formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate Trust record;
  - 9.16.2. 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;
  - 9.16.3. where specialist expertise is required and is available from only one source;
  - 9.16.4. where there is a clear benefit to be gained from maintaining continuity with an earlier project. However in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering;
  - 9.16.5. 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 costing of such work.

9.17. The waiving of competitive tendering and quotations 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.

9.18. **Tender Opening**

9.19. All tenders are opened electronically via an e-Tendering tool. Two Executive Directors should be nominated to sign off the outcome of tender evaluation panels for contracts from £1m per annum.

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

9.21. **Fair and Adequate Competition**

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

9.23. **Building and Engineering Construction Works**

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

9.25. **Items which subsequently breach thresholds after original approval**

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

**10. Terms of service, allowances, and payments of members of the Trust Board and Executive Committee and Employees**

10.1. **Remuneration and Terms of Service Committee**

10.2. In accordance with Standing Orders the Board shall establish a Remuneration and Terms of Service Committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting. The Trust will take note of NHS guidance contained in the Higgs report and subsequent Financial Reporting Council updates. The Committee will:

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

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

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

10.5. The Trust will pay allowances to the Chairman and non-officer members of the Board in accordance with instructions issued by the Secretary of State for Health.

#### 10.6. **Funded Establishment**

10.7. The manpower plans incorporated within the annual budget will form the funded establishment. The funded establishment of any department may not be varied without the approval of the Chief Finance Officer.

#### 10.8. **Staff Appointments**

10.9. 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 following procedures authorised by the Chief Executive and
- within the limit of their approved budget and funded establishment.

10.10. The Board will approve procedures presented by the Chief Executive for the determination of commencing pay rates, conditions of service, etc, for employees and for procuring Agency and temporary staff

### 11. Processing Payroll

11.1. The Chief Finance Officer is responsible for:

- Specifying timetables for submission of properly authorised time records and other

- notifications;
- making payment on agreed dates;
- agreeing method of payment.

11.2. The Director of People is responsible for:

- ensuring staff are paid appropriately according to Agenda For Change and other national and local terms and conditions.
- ensure that all staff are correctly coded in ESR.
- managing the process for starter, leavers and contract variations.
- maintaining any locally agreed rates held on the payroll and the instructions on how they should be used.

11.3. The Chief Finance Officer will issue instructions regarding:

- verification and documentation of data, including the maintenance of a scheme of delegation for authorising of pay and variations to pay.
- the timetable for receipt and preparation of payroll data and the payment of employees and allowances;
- maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
- security and confidentiality of payroll information;
- checks to be applied to completed payroll before and after payment;
- authority to release payroll data under the provisions of the General Data Protection Regulation (GDPR) and Data Protection Act 2018 (DPA 2018);
- methods of payment available to various categories of employee and officers;
- procedures for payment by cheque, bank credit, or cash to employees and officers;
- procedures for the recall of cheques and bank credits;
- pay advances and their recovery;
- maintenance of regular and independent reconciliation of pay control accounts;
- separation of duties of preparing records and handling cash;
- 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.

11.4. Appropriately nominated managers have delegated responsibility for:

- submitting time records, and other notifications in accordance with agreed timetables;
- 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;
- 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 fulfill obligations in circumstances that suggest they have left without notice, the Chief Finance Officer must be informed immediately.

11.5. 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.

## **12. Contracts of Employment**

12.1. The Board shall delegate responsibility to an officer for:

- ensuring that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation and agreed national and local terms and conditions
- dealing with variations to, or termination of, contracts of employment.

### **13. Non-pay expenditure**

#### **13.1. Delegation of Authority**

13.2. 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 reporting directly to Chief Executive.

13.3. The Chief Executive will set out:

- the list of managers who are authorised to place requisitions for the supply of goods and services;
- the value which each manager may authorise and against which budgets
- The Chief Executive shall set out procedures on the seeking of professional advice regarding the supply of goods and services.

### **14. Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services Requisitioning**

14.1. 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 advisers on supply shall be always be sought. Where this advice is not acceptable to the requisitioner, the Chief Finance Officer (and/or the Chief Executive) shall be consulted.

#### **14.2. System of Payment and Payment Verification**

14.3. 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.

14.4. The Chief Finance Officer will:

- advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in Standing Orders and Standing Financial Instructions and regularly reviewed;
- prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds;
- be responsible for the prompt payment of all properly authorised accounts and claims;
- be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for
  - i) Certification that:
    - goods and services have been ordered according to the Trust's procurement procedures.
    - goods and services 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.
- ii) 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.
- iii) 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 section 114 below.

#### 14.5. **Prepayments**

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

14.6.1. Prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to NPV using the National Loans Fund (NLF) rate plus 2%).

14.6.2. 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

14.6.3. the course of the prepayment agreement unable to meet his commitments;

14.6.4. 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);

14.6.5. 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.

#### 14.7. **Official orders**

14.7.1. Official Orders must:

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

### 15. **Duties of Managers and Officers**

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

- 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;
- contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement;
- where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health;
- no order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to directors or employees, other than isolated gifts of a trivial character

or inexpensive seasonal gifts, such as calendars, conventional hospitality, such as lunches in the course of working visits (This provision needs to be read in conjunction with the principles outlined in the national guidance contained in HSG 93(5) "Standards of Business Conduct for NHS Staff");

- 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;
- all goods, services, or works are ordered on an official order unless specifically exempted under the scheme of delegation) or are purchases from petty cash. 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";
- orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;
- changes to the list of employees and officers authorised to certify invoices are notified to the Chief Finance Officer;
- purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Chief Finance Officer;
- petty cash records are maintained in a form as determined by the Chief Finance Officer.
- local procedures exist to verify the timely, complete and accurate receipt of goods and services ordered and subsequent recording in systems approved by the Chief Finance Officer
- 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 CONCODE and ESTATECODE. The technical audit of these contracts shall be the responsibility of the relevant Director.

## **16. Joint Finance Arrangements with Local Authorities and Voluntary Bodies**

- 16.1. Payments to local authorities and voluntary organisations made under the powers of section 28A of the NHS Act shall comply with procedures laid down by the Chief Finance Officer which shall be in accordance with these Acts.

## **17. External borrowing**

- 17.1. The Chief Finance Officer is responsible for reporting quarterly to the Board or its nominated finance committee concerning the historic, current and forecast future levels of
- 17.1.1. PDC reserves
  - 17.1.2. Loans and overdrafts
  - 17.1.3. Outstanding finance lease creditors
- 17.2. This quarterly reporting will also cover historic, current and forecast future performance against all covenants included within these three forms of borrowings.
- 17.3. The Board will agree the list of employees (including specimens of their signatures) who are authorised to make short term borrowings on behalf of the Trust. This must contain the Chief Executive and the Chief Finance Officer.
- 17.4. The Chief Finance Officer must prepare detailed procedural instructions concerning applications for working capital and capital expenditure loans and overdrafts.
- 17.5. All short-term borrowings should be kept to the minimum period of time possible, consistent with the overall cashflow position, represent good value for money, and

comply with the latest guidance from the Department of Health and Social Care.

17.6. Any short-term borrowing must be with the authority of two members of an authorised panel, one of which must be the Chief Executive or the Chief Finance Officer. The Board must be made aware of all short term borrowings at the next Board meeting.

17.7. All long-term borrowing must be consistent with the plans outlined in the current Annual Plan and be approved by the Trust Board.

## **18. Investments**

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

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

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

## **19. Capital Investment**

19.1. The Chief Executive and Chief Finance Officer

- 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;
- are responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;
- shall ensure that the capital investment is not undertaken without confirmation of purchaser(s) support and the availability of resources to finance all revenue consequences, including capital charges.

19.2. For capital schemes where the contracts stipulate stage payments, procedures will be issued for their management, incorporating the recommendations of "Estatecode".

19.3. The Chief Finance Officer shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with Inland Revenue guidance.

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

19.5. The approval of a capital programme by the Board constitutes approval for expenditure on listed schemes. This will be monitored regularly by the Capital Steering Group which can make changes to the capital programme on behalf of the Board.

19.6. The Capital Steering Group shall issue to the manager responsible for any scheme:

- specific authority to commit expenditure;
- authority to proceed to tender
- approval to accept a successful tender

19.7. The Chief Executive and Chief Finance Officer will issue a scheme of delegation for capital investment management in accordance with "Estatecode" guidance and the Trust's Standing Orders. The Chief Finance Officer shall issue procedures governing the

financial management, including variations to contract, of capital investment projects and valuation for accounting purposes.

**19.8. Private Finance**

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

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

## **20. Asset Registers**

20.1. 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 at least once a year.

20.2. The Trust shall maintain an asset register recording fixed assets.

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

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

20.4. 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).

20.5. The Chief Finance Officer shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers. The Chief Finance Officer of the Trust shall calculate and pay capital charges as specified in accordance with guidance issued by the Department of Health and Social Care

## **21. Security of Assets**

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

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

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

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

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

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

## **22. Stores and receipt of goods**

### **22.1. General position**

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

- kept to a minimum;
- subjected to annual stock take;
- valued at the lower of cost and net realisable value.

### **22.2. Control of Stores, Stocktaking, condemnations and disposal**

22.2.1. 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 him 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.

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

22.2.3. 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.

22.2.4. 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.

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

22.2.6. 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 (Disposals and Condemnations, Losses and Special Payments).

22.2.7. Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

## **23. Disposals, condemnations, losses and special payments**

### **23.1. Disposals and Condemnations Procedures**

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

23.1.2. 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.

23.1.3. All unserviceable articles shall be:

- condemned or otherwise disposed of by an employee authorised for that purpose by the Chief Finance Officer;
- 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.

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

### **23.2. Losses and Special Payments Procedures**

23.2.1. The Chief Finance Officer must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments.

23.2.2. 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, Bribery and Corruption or of anomalies which may indicate Fraud, Bribery and Corruption, the Chief Finance Officer must inform the relevant LCFS and NHSCFA regional team in accordance with Secretary of State for Health's Directions.

23.3. The Chief Finance Officer must notify the NHSCFA and the External Auditor of all frauds.

23.4. 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,
- the External Auditor.

23.5. Within limits delegated to it by the Department of Health and Social Care, the Board shall approve the writing-off of losses.

23.6. The Chief Finance Officer shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.

23.7. For any loss, the Chief Finance Officer should consider whether any insurance claim can be made.

23.8. The Chief Finance Officer shall maintain a Losses and Special Payments Register

in which write-off action is recorded.

23.9. No special payments exceeding delegated limits shall be made without the prior approval of NHS Improvement. See below.

Category of loss/special payment	Delegated limits
Losses	
1. Losses of cash due to:	
a. theft, fraud, etc.	50,000
b. overpayments of salaries, wages, fees and allowances	50,000
c. other causes, including un-vouched or incompletely vouched payments, overpayments other than those included under 1(b); physical losses of cash and cash equivalents e.g. stamps due to fire (other than arson), accident and similar causes	50,000
2. Fruitless payments (including abandoned capital schemes)	250,000
3. Bad debts and claims abandoned:	
a. private patients (Sections 65 and 66 NHS Act 1977)	50,000
b. overseas visitors (Section 121 NHS Act 1977)	50,000
c. cases other than a to b	50,000
4. Damage to buildings, their fittings, furniture and equipment and loss of equipment and property in stores and in use due to:	
a. culpable causes e.g. theft, fraud, arson or sabotage whether proved or suspected, neglect of duty or gross carelessness.	50,000
b. other causes	50,000
Special payments	
5. Compensation payments made under legal obligation	FULL
6. Extra contractual payments to contractors	50,000
7. Ex gratia payments	
a. to patients, staff and visitors for loss of personal effects	50,000
b. for clinical negligence (negotiated settlements following legal advice) where the guidance relating to such payments has been applied.	1,000,000, including plaintiff's costs
c. for personal injury claims involving negligence where legal advice obtained and relevant guidance has been applied	1,000,000, including plaintiff's costs
d. other clinical negligence cases and personal injury claims	50,000
e. other, except cases of maladministration where there was no financial loss by claimant	50,000
f. maladministration where there was no financial loss by claimant	NIL
8. Extra statutory and extra regulatory payments	NIL

23.10. All losses and special payments must be reported to the Audit Committee at every meeting.

## 24. Information Technology

24.1. **Responsibilities and duties of the Chief Finance Officer**

24.2. The Chief Finance Officer, who is responsible for the accuracy and security of the computerised financial data of the Trust, shall:

- devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Trust's data, programs and computer hardware for which the Director is

responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the General Data Protection Regulation (GDPR) and Data Protection Act 2018 (DPA 2018);

- ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;
- ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
- 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.

24.3. The Chief Finance Officer shall need to ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation. 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. A Publication Scheme is a complete guide to the information routinely published by a public authority. It describes the classes or types of information about our Trust that we make publicly available.

**24.4. Contracts for Computer Services with other health bodies or outside agencies**

24.5. 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.

24.6. 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.

**24.7. Risk Assessment**

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

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

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

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

## 25. Patient's property

- 25.1. 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.
- 25.2. 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; (notices are subject to sensitivity guidance)
  - hospital admission documentation and property records;
  - the oral advice of administrative and nursing staff responsible for admissions, that the Trust will not accept responsibility or liability for patients' property brought into Health Service premises, unless it is handed in for safe custody and a copy of an official patients' property record is obtained as a receipt.
- 25.3. 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.
- 25.4. 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.
- 25.5. 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.
- 25.6. 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. 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.

## 26. Funds held on trust

- 26.1. **Corporate Trustee**
- 26.2. Standing Order's outlines the Trust's responsibilities as a corporate trustee for the management of funds it holds on trust. Also there is a requirement for compliance with Charities Commission latest guidance and best practice.
- 26.3. 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.
- 26.4. 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.

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

26.6. 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.

26.7. 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.

**26.8. Applicability of Standing Financial Instructions to funds held on Trust**

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

**27. Acceptance of gifts by staff and link to standards of business conduct**

27.1. The Chief Finance Officer shall ensure that all staff are made aware of the Trust policy on acceptance of gifts and other benefits in kind by staff. This policy follows the guidance contained in the Department of Health circular HSG (93) 5 'Standards of Business Conduct for NHS Staff' and is also deemed to be an integral part of these Standing Orders and Standing Financial Instructions.

**28. Retention of records**

28.1. The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with Department of Health guidelines. The records held in archives shall be capable of retrieval by authorised persons. 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.

**29. Risk Management and Insurance**

**29.1. Programme of Risk Management**

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

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

29.3. The existence, integration and evaluation of the above elements will assist in making the Annual Governance Statement in the Annual Report and Accounts as required by current Department of Health guidance.

29.4. **Insurance: Risk Pooling Schemes administered by NHS Resolution**

29.5. 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.

29.6. **Insurance arrangements with commercial insurers**

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

- Trust's may enter commercial arrangements for insuring motor vehicles owned by the Trust including insuring third party liability arising from their use;
- where the Trust is involved with a consortium in a Private Finance Initiative contract and the other consortium members require that commercial insurance arrangements are entered into; and
- where income generation activities take place. Income generation activities should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by the Trust for a NHS purpose the activity may be covered in the risk pool. Confirmation of coverage in the risk pool must be obtained from NHS Resolution. In any case of doubt concerning a Trust's powers to enter into commercial insurance arrangements the Chief Finance Officer should consult the Department of Health and Social Care

29.8. **Arrangements to be followed by the Board in agreeing Insurance cover**

29.8.1. 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.

29.8.2. 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.

29.8.3. All 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.

# EPSOM AND ST HELIER UNIVERSITY HOSPITALS NHS TRUST

## TRUST SCHEME OF DELEGATION POLICY

Date of issue:	December 2018
Date for review	December 2021
Distribution	All Staff
Related Policies	Trust's Standing Orders Standards of Business Conduct for NHS Staff Procurement Policy
Author and further information	Author and Lead: Kevin Ind, Financial Controller
This document supersedes:	ESH/POL/35016

## Scheme of delegation

### Committing the Trust and paying our bills

There is a six part process in committing the Trust to purchase and then pay for goods and services. Each part of this process requires an approval by a Trust employee or employees and or a delegated Board Committee. These steps are:

- 1) Create a proposal to commit the Trust to purchase goods or services. This proposal must
  - a. **Be within approved budget** and
  - b. **Must demonstrate value for money and best value** through the obtaining and retention of quotations and a formal tender process if required. The number of quotations required and if formal tendering is needed is set out in **Table 1** below.
- 2) **Approval of the proposal.** Some proposals need approval by Board Committees or the Board itself. When a proposal needs approval is set out in **Table 2** below.
- 3) Approving the future purchase of goods or services through a purchase order: **create a commitment.** The Trust has delegated authority for capital and land transactions to £15m after which it must seek NHS I approval. This limit can be reduced at NHS I's discretion. Who can create a commitment and to what value is set out in **Table 3** below.
- 4) If required by industry convention or by law **signing and or sealing a contract** for the future purchase of goods or services may be required. Who can sign a contract for goods and services on behalf of the Trust is set out in **Table 4** below.
- 5) Approving the future payment of goods or service on receipt of a valid invoice: **acknowledging the goods have been received in appropriate location and condition.** Who can acknowledge the receipt of goods and services and request payment is set out in **Table 5** below.
- 6) Approve the payment for goods and services received: **approving a pay run.** A pay run is approved by the Trust's Financial Controller or in his absence a Deputy Director of Finance.

**Table 1: Proposing to commit the Trust. How many quotations must I obtain and when must I conduct a formal tender process?**

<b>Formal Competitive Tendering Limits</b>	<b>All amounts below are for the lifetime of the contract and exclude VAT:</b>
One Verbal Quote	Nil-£10,000
Three Written Quotes (Otherwise a quotation waiver needs to be Approved)	£10,001 - £25,000
The Trust will invite up to 6 bids where possible and a minimum of 3 for goods and services (local tender)	£25,001 – OJEU threshold
The Trust will invite up to 6 bids where possible and a minimum of 3 for Works (Estates- local tender)	£25,001 – OJEU threshold
Formal OJEU tendering requirements must be met (goods, services and Works)	greater than OJEU threshold

**Table 2: Who need to approve the proposal to commit the Trust?**

<b>Revenue</b>
The Trust Board approval is also required where the project, contract or business case exceeds £1,000,000
The executive committee approval is required where the project, contract or business case exceeds £500,000
TEC has reserved decisions on a number of issues, which means that business cases need to be referred to the committee for agreement, via the Operational Management Group (OMG). These decisions include <ul style="list-style-type: none"> <li>a. Any new Consultant appointments</li> <li>b. Service Developments</li> <li>c. Capital Initiatives</li> <li>d. Approval to recruit both permanent and temporary staff via CTM (Chief Executives Team Meeting)</li> <li>e. Significant changes to services</li> </ul>
<b>Capital</b>
The Capital Steering Group is responsible for agreeing the Trusts capital programme prior to sign off by various sub Committees of the Board. It will also monitor and can amend the capital programme approved by the Board accordingly in response to operational challenge. Approval of capital projects will be signed off by the group. The Chief Finance Officer in exceptional circumstances will approve capital projects when the group cannot meet immediately to ensure continuity of service. This will be subsequently ratified at the next meeting.

**Table 3: Who can commit the Trust?**

Position	Limit (gross of VAT)
	<b>Values will apply to the total value of the contract, e.g. a 3 year contract with an annual value of £9,500 commitment of the Trust will be £28,500</b>
The Board  This is for projects, contracts and business cases above £1,000,000 already approved by TEC, the Chief Executive and Chief Finance Officer. This is subject to approval limits as set by NHS I (currently £15m).	£1 million and above (subject to approval limits as set by NHS I)
Chief Executive and Chief Finance Officer acting together once approved by TEC.	Up to and including £1,000,000
Chief Executive	up to and including £500,000
Chief Financial Officer	up to and including £500,000
Chief Operating Officer	up to and including £150,000
Joint Medical Directors	up to and including £150,000
Director of Nursing Standards and Quality Assurance	up to and including £150,000
Director of Estates, Facilities and Capital Projects	up to and including £150,000
Director of EOC	up to and including £35,000
Director of Communications and Corporate Affairs	up to and including £35,000
Director of Strategy of Strategy	up to and including £35,000
Deputy Chief Finance Officer	up to and including £35,000
Director of People and Organisational Development	up to and including £35,000
Head of Clinical Programmes	up to and including £35,000
Research and Development Director	up to and including £35,000
Deputy Directors of Operations, Clinical Directors, General Managers, Heads of Nursing and Chief Pharmacist	up to and including £35,000
Director of Nursing - EOC, General Manager	up to and including £10,000
Deputy Medical Directors	up to and including £10,000
Deputy Director of Nursing	up to and including £10,000

**Table 4: When a formal contract is required by the supplier who can sign on behalf of the Trust**

Position	Limit (gross of VAT)
Assistant Director of Procurement	Nil- £25,000
Above plus Chief Finance Officer and/ or Chief Executive	>£25,000

The limits in table 4 above are for the physical signing of contracts which commit the Trust: the approval limits to enter into the contract (which must be obtained before any contract is signed) are set out in table 3 above.

**Table 5: acknowledging the goods have been received in appropriate location and condition**

Position	Limit (gross of VAT)	
	If no order was approved (i.e., a non-PO invoice)	If an order was approved (i.e., receipting a PO)
The Board	Unlimited	
This is unlimited for projects, contracts and business cases above £1,000,000 already approved by TEC, the Chief Executive and Chief Finance Officer.		
Chief Executive and Chief Finance Officer acting together once approved by TEC.	Up to and including £1,000,000	
Chief Executive	up to and including £500,000	Unlimited
Chief Financial Officer	up to and including £500,000	Unlimited
Chief Operating Officer	up to and including £150,000	Unlimited
Joint Medical Directors	up to and including £150,000	Unlimited
Director of Nursing Standards and Quality Assurance	up to and including £150,000	Unlimited
Director of Estates, Facilities and Capital Projects	up to and including £100,000	Unlimited
Director of EOC	up to and including £35,000	up to and including £1,000,000
Director of Communications and Corporate Affairs	up to and including £35,000	up to and including £1,000,000
Director of Strategy of Strategy	up to and including £35,000	up to and including £1,000,000
Deputy Chief Finance Officer	up to and including £35,000	up to and including £1,000,000
Director of People and Organisational Development	up to and including £35,000	up to and including £1,000,000
Head of Clinical Programmes	up to and including £35,000	up to and including £1,000,000
Research and Development Director	up to and including £35,000	up to and including £1,000,000
Deputy Directors of Operations, Clinical Directors, General Managers, Heads of Nursing and Chief Pharmacist	up to and including £10,000	up to and including £1,000,000
Director of Nursing - EOC, General Manager	up to and including £10,000	up to and including £1,000,000
Deputy Medical Directors	up to and including £10,000	up to and including £1,000,000
Deputy Director of Nursing	up to and including £10,000	up to and including £1,000,000
All staff as nominated by a Trust employee in the hierarchy above		£500,000

This table will be reflected in the Oracle Financial System. Budget holders, other than those specified in Table 5, have a non-PO invoice limit of £5,000.