



Southern Health
NHS Foundation Trust

STANDING FINANCIAL INSTRUCTIONS

[VERSION 10]

POLICIES AND PROCEDURES PROFORMA

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	Framework and the guidance and best practice advice issued by the Independent Regulator in order to achieve probity, accuracy, economy, efficiency and effectiveness.
Keywords (minimum of 5):	Standing Financial Instructions; Scheme of Delegation and Board Reserved Powers; Standards of Business Conduct Policy

Amendments Summary:

Amend. No.	Issued	Page	Subject
1. V8	July 16	Throughout	References to 'Chief Financial Officer' amended to read 'Finance Director'
2. V8	July 16	Throughout	References to Monitor's 'Compliance Framework' removed and replaced with 'Risk & Assurance Framework' October 2013
3. V8	July 16	Throughout	Correction to grammar, spellings and cross references
4. V8	July 16	Throughout	References to the 'NHS Foundation Trust Financial Reporting Manual' removed and replaced with 'NHS Foundation Trust Annual Reporting Manual'
5. V8	July 16	Throughout	References to 'Continuity of Service Risk Rating' removed and replaced with 'Financial Sustainability Risk Rating'
6. V8	July 16	Section 1, Page 5; Section 4, Page 11; Section 7, Page 26; Section 21, Page 68	Reference to latest versions of documents
7. V8	July 16	Section 2, Page 7	Insertion of definition of Accounting Officer
8. V8	July 16	Section 4, Page 19	Change responsible officer from 'Chief Executive' to 'Finance Director'
9. V8	July 16	Section 5, Page 21	Insertion of 'their financial budget' to provide clarity
10. V8	July 16	Section 11, Page 45	Change responsible officer from 'Chief Operating Officer' to 'Finance Director'
11. V8	July 16	Section 11, Page 46	Insert a paragraph relating to employment of management consultants and other off-payroll arrangements
12. V8	July 16	Section 12, Page 51	Insert other relevant documents
13. V8	July 16	Section 15, Page 57	Insertion of 'where material' to provide clarity
14. V8	July 16	Section 15, Page 58	Change 'NHS Purchasing and Supplies Agency' to 'NHS Supply Chain'
15. V8	July 16	Section 17, Page 60	Change 'national programme for information technology' to 'national requirements for information technology'
16. V9	July 2018	Throughout	Chief Finance Officer amended to read Finance Director
17. V9	July 2018	Throughout	Correction to grammar, spellings and cross references
18. V9	July 2018	Throughout	Chairman amended to read Chair
19. V9	July 2018	Throughout	Changes to reflect most recent documents
20. V9	July 2018	Throughout	Director of Workforce, Development & Communications amended to read Director of Workforce, Organisation Development & Communications
21.	July 2018	Throughout	NHS Protect amended to read NHS Counter Fraud Authority
22. V9	July 2018	Section 4.1	Amended to reflect the latest Code of Governance wording
23. V9	July 2018	Section 4.5.8	Counter Fraud attendance at Audit Committee

24.	V9	July 2018	Section 6.4.1, 6.4.2	Amended to reflect accounts requirements
25.		July 2018	Section 6.6	Refer to DH Group Accounting Manual
26.		July 2018	Section 6.7	Annual Report approved by Board of Directors
27.		July 2018	Section 6.9	Forward plan prepared by Board of Directors having regard to views of Governors
28.		July 2018	8.2.3	New
29.		July 2018	Section 9.4.1.16	Amended
30.		July 2018	Section 10	Amended
31.		July 2018	Section 11.1.3.2	Refer to earn-back
32.		July 2018	Section 11.5.2	Amended re Non-Executive Director appointment letters
33.		July 2018	Section 13.1.2, 13.2.1	Remove reference to Financial Sustainability Risk Rating
34.		July 2018	Section 14.4.2.8	Added reference to security details for assets
35.		July 2018	Section 16.2.9	Added reference to HM Treasury
36.		July 2018	Section 19.4.3	Added reference to designated funds
37.		Jan 2019		Added parameters for decisions on the provision of non-audit services by External Audit

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1 INTRODUCTION

- 1.1 The Southern Health NHS Foundation Trust (the "Trust") became a Public Benefit Corporation on 1 April 2009 following approval by the Independent Regulator pursuant to the 2006 Act.
- 1.2 The principal place of business of the Trust is Tatchbury Mount, Calmore, Southampton, SO40 2RZ ("Trust Headquarters").
- 1.3 The Trust is governed by Monitor's Licensing Regime (Regulatory Framework). The functions of the Trust are conferred by the Regulatory Framework. The Regulatory Framework and in particular paragraph 32 of the Constitution requires the Board of Directors to adopt Standing Orders for the regulation of its proceedings and business.
- 1.4 In addition to the Regulatory Framework, the Trust is required to comply with guidance issued by the Independent Regulator including (but not limited to) the following:
 - 1.4.1 Code of Audit Practice as issued by the National Audit Office;
 - 1.4.2 Monitor's Single Oversight Framework (September 2016);
 - 1.4.3 NHS Foundation Trust Accounting Officer Memorandum (August 2015);
 - 1.4.4 the NHS Foundation Trust Annual Reporting Manual (Issued annually);
 - 1.4.5 Guidance on Commissioner Requested Services (March 2013), andincluding all amendments, replacements or modifications made and including any other guidance issued by the Independent Regulator subsequent to the date of these Standing Financial Instructions.
- 1.5 These **Standing Financial Instructions**; together with the **Standing Orders for the Board of Directors**, the **Scheme of Delegation and Board Reserved Powers**, and the Trust's **Business Conduct Policy**, provide a comprehensive business framework for the administration of the Trust's affairs, and these need to be read in conjunction with the Regulatory Framework. Everyone working for the Trust should be aware of the existence of these documents and, where necessary, be familiar with the detailed provisions contained within them.
- 1.6 These Standing Financial Instructions detail the financial responsibilities, policies and procedures to be adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law, the Regulatory Framework and the guidance and best practice advice issued by the Independent Regulator in order to achieve probity, accuracy, economy, efficiency and effectiveness. They shall be read in conjunction with the Standing Orders and the Scheme of Delegation and Board Reserved Powers and the Trust Business Conduct Policy
- 1.7 These Standing Financial Instructions identify the financial responsibilities which apply to everyone working for the Trust. They do not provide detailed procedural advice and should therefore be read in conjunction with the detailed departmental

and financial procedure notes. All financial procedures must be approved by the Finance Director.

- 1.8 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Finance Director must be sought before acting. The user of these Standing Financial Instructions should also be familiar with and comply with the provisions of the Standing Orders for the Board of Directors and the Scheme of Delegation and Board Reserved Powers.
- 1.9 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.
- 1.10 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 must be reported to the next formal meeting of the Trust's Audit Committee for referring action or ratification. All Directors and Officers (including Nominated Officers) have a duty to disclose any non-compliance with these Standing Financial Instructions in line with the limits of the Scheme of Delegation to the Finance Director as soon as possible.
- 1.11 Further advice or assistance on the implementation of these Standing Financial Instructions can be obtained from the Trust's Finance Department.

2 INTERPRETATION

- 2.1 Save as otherwise permitted by law, at any meeting of the Board of Directors the Chair of the Trust shall be the final authority on the interpretation of Standing Financial Instructions (on which the Chair should be advised by the Chief Executive or Finance Director) and the Chair's decision shall be final and binding except in the case of manifest error.
- 2.2 Wherever a financial limit is stipulated but no value given, reference should be made to the Trust's Financial Limits contained within the Scheme of Delegation and Board Reserved Powers, which shall be issued to accompany the Standing Financial Instructions and Standing Orders (as contained within Annex 5 to the Constitution) for the Board of Directors. The Board of Directors should periodically review the Financial Limits.
- 2.3 Unless a contrary intention is evident or the context requires otherwise, words or expressions contained in these Standing Financial Instructions shall bear the same meaning as in the Constitution.
- 2.4 The provisions of paragraphs 1.1 to 1.5 of the Constitution apply to these Standing Financial Instructions, save that any reference to "Constitution" shall be read as a reference to these "Standing Financial Instructions".

2.5 In these Standing Financial Instructions:

“Accounting Officer”

means the Chief Executive as set out in Monitor’s NHS foundation trust accounting officer memorandum, August 2015 or as updated;

"Annual Plan"

shall have the meaning ascribed to it in SFI 5.1.1;

"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 Officer with delegated authority to manage finances (income and expenditure) for a specific area of the Trust;

“BAF”

means the Board Assurance Framework

“Financial Limits”

means the financial limits set out in the Scheme of Delegation and Board Reserved Powers;

“Framework Agreement”

means an agreement or other arrangement between one or more contracting authorities and one or more economic operators which establishes the terms (in particular the terms as to price and, where appropriate, quantity) under which the economic operator will enter into one or more contracts with a contracting authority in the period during which the framework agreement applies.

"GBS"

means the Government Banking Service;

“Internal Audit”

means the function described in SFI 4.2;

"Local Counter Fraud Specialist"

means the person appointed by the Trust pursuant to SFI 4.5.3 to carry out the responsibilities and functions set out in the Secretary of State for Health's Directions to NHS Bodies on Counter Fraud Measures 2004, as amended from time-to-time;

"Local Security Management Specialist"

means the person appointed by the Trust pursuant to SFI 4.6.3 to carry out the responsibilities and functions set out in the Secretary of State for Health's Directions to NHS Bodies on Security Management Measures 2004, as amended from time-to-time;

"Public Accounts Committee"

means the committee appointed by the House of Commons under Commons Standing Order 148 (or otherwise) to examine the accounts showing the

appropriation of the sums granted by Parliament to meet public expenditure and of such other accounts laid before Parliament as the committee may think fit;

"Public Dividend Capital"

shall have the meaning ascribed to "initial public dividend capital" in Section 42(1) of the 2006 Act;

"Records Management Code"

shall have the meaning ascribed to it in SFI 21.2;

"Register of Tenders"

shall have the meaning ascribed to it in SFI 9.10.9;

"Nominations and Remuneration Committee"

shall have the meaning ascribed to it in SFI 11.1;

"Officers"

Used in the broadest sense possible to describe a person, or persons, who is acting on behalf of the Trust as either an employee, or as an agent of Trust fulfilling duties commensurate with their engagement.

"SID4Gov"

SID4Gov is a supplier information database holding information about suppliers, including pre-qualification information. The service is shared among all purchasing organisations in the NHS

"Tendering Procedure"

means the procedure set out at SFI 9;

"Value Added Tax"

means tax charged in accordance with the Value Added Tax Act 1994 or, where the context requires, within the law of another member State of the European Union. The term "VAT" shall be construed accordingly; and

"Virement"

means the agreed transfer of money from one Budget head to another, within a Financial Year.

3 RESPONSIBILITIES AND DELEGATION

3.1 The Board of Directors

3.1.1 The Board of Directors exercises financial supervision and control by:

3.1.1.1 formulating the financial strategy of the Trust;

3.1.1.2 requiring the submission and approval of Budgets within approved allocations and overall income;

3.1.1.3 defining and approving essential features in respect of important procedures and financial systems, including (but not limited to) the need to obtain value for money and the Trust's statutory duty under Section 63 (General duty of NHS

foundation trusts) to exercise its functions effectively, efficiently and economically; and

3.1.1.4 defining specific responsibilities placed on the Board of Directors and Nominated Officers as indicated in the Scheme of Delegation and Board Reserved Powers.

3.1.2 The Board of Directors has resolved that certain powers and decisions may only be exercised by the Board of Directors in formal session. These are set out in the Scheme of Delegation and Board Reserved Powers.

3.1.3 The Board of Directors will delegate responsibility for the performance of its functions in accordance with the Regulatory Framework and the provisions of the Scheme of Delegation and Board Reserved Powers adopted by the Trust.

3.2 The Chief Executive

3.2.1 Within these Standing Financial Instructions, it is acknowledged that the Chief Executive is ultimately accountable to the Board of Directors and, as Accounting Officer, to the Independent Regulator and the Public Accounts Committee for ensuring that the Trust meets its obligations and performs its functions. The Chief Executive has overall responsibilities for the overall organisation, management and staffing of the Trust and for its procedures in financial and other matters.

3.2.2 The Accounting Officer is responsible for ensuring that:

3.2.2.1 there is a high standard of financial management in the Trust as a whole;

3.2.2.2 the Trust's financial systems and procedures promote the efficient and economical conduct of business, and safeguard financial propriety and regularity throughout the Trust; and

3.2.2.3 financial considerations are fully taken into account in decisions on Trust policy proposals.

3.2.3 Subject to SFI 1.4, the Chief Executive, as Accounting Officer, must at all times comply with the NHS Foundation Trust Accounting Officer Memorandum (August 2015).

3.2.4 The Chief Executive, as Accounting Officer, has overall responsibility for the Trust's activities, is responsible to the Board of Directors for ensuring that the Trust's financial obligations and targets are met, and the Trust's system of internal control.

3.2.5 The Accounting Officer has personal responsibility for:

3.2.5.1 the propriety and regularity of the public finances for which he/she is answerable;

3.2.5.2 the keeping of proper accounts, as set out in the Licensing Regime;

- 3.2.5.3 prudent and economical administration of the Trust's affairs;
 - 3.2.5.4 the avoidance of waste (e.g. spending on goods and supplies which are never actually used to benefit the interests of the patients to whom the Trust serves) and extravagance; (e.g. lack of restraint in spending money in using resources efficiently)
 - 3.2.5.5 the efficient and effective use of all the resources (financial or otherwise) in his/her charge.
- 3.2.6 The Chief Executive will, as far as possible, delegate his/her detailed responsibilities, but will remain accountable for financial control.
- 3.2.7 It is a duty of the Chief Executive to ensure that existing Directors and Officers and all new appointees are notified of and put in a position to understand their responsibilities within these Standing Financial Instructions.

3.3 The Finance Director

- 3.3.1 The Finance Director is responsible for:
- 3.3.1.1 implementing the Trust's financial policies and for coordinating any corrective action necessary to further these policies;
 - 3.3.1.2 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 Standing Financial Instructions;
 - 3.3.1.3 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;
 - 3.3.1.4 deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption and liaising with the Independent Regulator as appropriate.
- 3.3.2 Without prejudice to any other functions of the Directors and Officers, the duties of the Finance Director include:
- 3.3.2.1 the provision of financial advice to the members of the Board of Directors and Officers;
 - 3.3.2.2 the design, implementation and supervision of systems of internal financial control; and
 - 3.3.2.3 the preparation and maintenance of such accounts, certificates, estimates, records and reports as the Board of Directors may require for the purpose of carrying out its statutory duties.

- 3.3.3 The Finance Director (or his/her Nominated Officer) or designated Internal Auditors and/or consultants are entitled without necessarily giving prior notice to require and receive:
- 3.3.3.1 access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
 - 3.3.3.2 access at all reasonable times to any land, premises, or members of the Board of Directors or Officers of the Trust;
 - 3.3.3.3 the production of any cash, stores or other property of the Trust under the control of either a member of the Board of Directors or an Officer; and
 - 3.3.3.4 explanations concerning any matter under investigation.
- 3.3.4 The Finance Director will, as far as possible, delegate his/her detailed responsibilities, but will remain accountable for financial control.

3.4 Directors and Officers

- 3.4.1 All Directors and Officers, severally and collectively, are responsible for:
- 3.4.1.1 the security of the property of the Trust;
 - 3.4.1.2 avoiding loss;
 - 3.4.1.3 exercising economy and efficiency in the use of resources; and
 - 3.4.1.4 conforming to the requirements of the Standing Orders for the Board of Directors, these Standing Financial Instructions, relevant financial procedures and the Scheme of Delegation and Board Reserved Powers.
 - 3.4.1.5 All Directors and Officers who carry out a financial function must discharge their financial duties to the satisfaction of the Finance Director.

3.5 Contractors and their employees

- 3.5.1 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 Standing Financial Instructions. It is the responsibility of the Chief Executive to ensure that such persons are made aware of this.

4 AUDIT AND ASSURANCE

4.1 Audit Committee

- 4.1.1 In accordance with the NHS Foundation Trust Code of Governance (July 2014), the Constitution and the Standing Orders for the Board of Directors, the Board of Directors should formal and transparent arrangements for considering how they should apply the corporate reporting and risk management and internal control principles and for maintaining an appropriate relationship with the NHS foundation trust's auditors. It should establish an Audit Committee composed of at least three members who are all independent Non-Executive Directors. The Board of Directors must satisfy itself that at least one member of the Audit Committee has recent and relevant financial experience. Other Committees of the Board of Directors have their own remits regarding assurance. The Audit Committee has oversight of assurance matters across all Committees.
- 4.1.2 Notwithstanding SFI 4.1.1 above, in establishing the terms of reference of the Audit Committee, the Board of Directors will ensure that the Audit Committee will:
- 4.1.2.1 monitor the integrity of the financial statements of the Trust and any formal announcements relating to the Trust's financial performance and review significant financial reporting judgments contained in them;
 - 4.1.2.2 review the Trust's internal financial controls and, unless expressly addressed in a separate risk committee of the Board of Directors composed of independent Non-Executive Directors, or by the Board of Directors itself, review the Trust's internal control and risk management systems;
 - 4.1.2.3 monitor and review the effectiveness of the Trust's Internal Audit function, taking into consideration relevant UK professional and regulatory requirements;
 - 4.1.2.4 review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
 - 4.1.2.5 develop and implement policy on the engagement of the Auditor and/or an external consultant to supply non-audit services to the Trust, taking into account any relevant guidance issued by the Independent Regulator regarding the provision of non-audit services. Where it is considered appropriate for the External Auditors to be engaged to undertake a piece of non-audit work the following considerations need to be considered. Is the piece of work best undertaken by the External Auditors because it is statutory and audit related. If so then a limit of £10,000 applies to approval by the Finance Director. For amounts in excess of this or for other areas of work then approval must be sought from the Audit Committee

- 4.1.2.6 report to the Council of Governors, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;
- 4.1.2.7 review arrangements by which Officers may raise, in confidence, concerns about possible improprieties in matters of:
 - 4.1.2.7.1 financial reporting and control;
 - 4.1.2.7.2 other relevant matters;
- 4.1.2.8 ensure that arrangements are in place for the proportionate and independent investigation of such matters as set out in Standing Financial Instructions 4.1.2.7.1 to 4.1.2.7.2, and for appropriate follow-up action;
- 4.1.2.9 agree with the Council of Governors the criteria for appointing, reappointing and removing External Auditors;
- 4.1.2.10 make recommendations to the Council of Governors in relation to the appointment, re-appointment and removal of the External Auditor and approve the remuneration and terms of engagement of the External Auditor;
- 4.1.2.11 monitor compliance with the Standing Orders for the Board of Directors and these Standing Financial Instructions through Internal Audit annual certification of compliance;
- 4.1.2.12 review schedules of losses and compensations and make recommendations to the Board of Directors; and
- 4.1.2.13 upon the request of the Board of Directors from time to time, review the information prepared by the Board of Directors to support the Trust's submissions to the Independent Regulator in accordance with the Independent Regulator's annual planning and monitoring cycle, as set out in the Risk Assessment Framework referred to in SFI 1.4.2 above and advise the Board of Directors accordingly.

With reference to assurance:-

- 4.1.2.14 review the Trust's internal assurance and clinical quality and patient safety controls;
- 4.1.2.15 monitor and review the effectiveness of the Trust's assurance function, clinical quality and patient safety;
- 4.1.2.16 report to the Council of Governors, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;

- 4.1.2.17 review arrangements by which Officers may raise, in confidence, concerns about possible improprieties in matters of:
 - 4.1.2.18 clinical quality;
 - 4.1.2.19 patient safety;
 - 4.1.2.20 other relevant matters;
 - 4.1.2.21 ensure that arrangements are in place for the proportionate and independent investigation of such matters as set out in Standing Financial Instructions 4.4.2.4.1 to 4.4.2.4.6, and for appropriate follow-up action.
 - 4.1.2.22 Where the Audit Committee feels there is evidence of clinical quality or patient safety failures, or evidence of improper acts, or if there are other important matters that the Audit Committee wishes to raise, the Chair of the Committee should raise the matter at a full meeting of the Board of Directors.
- 4.1.3 Where the Audit Committee feels there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Audit Committee wishes to raise, the Chair of the Audit Committee should raise the matter at a full meeting of the Board of Directors.

4.2 Finance Director

- 4.2.1 The Finance Director is responsible for:
- 4.2.1.1 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;
 - 4.2.1.2 ensuring that the Internal Audit function is adequate and meets any mandatory audit standards set by the Independent Regulator;
 - 4.2.1.3 ensuring that an annual Internal Audit report is prepared for the consideration of the Audit Committee and the Board of Directors. The report must cover:
 - 4.2.1.3.1 a clear opinion on the effectiveness of internal control in accordance with any controls assurance guidance or best practice advice issued by the Independent Regulator;
 - 4.2.1.3.2 major internal financial control weaknesses discovered;
 - 4.2.1.3.3 progress on the implementation of any Internal Audit recommendations;
 - 4.2.1.3.4 progress against plan over the previous year;

4.2.1.3.5 strategic audit plan covering the coming three years;
and

4.2.1.3.6 a detailed plan for the coming year.

4.3 **Role of Internal Audit**

4.3.1 Internal Audit is an independent and objective appraisal service within an organisation which provides:

- an independent and objective opinion to the Chief Executive as Accounting Officer, the Board of Directors and the Audit Committee on the degree to which risk management, control and governance support the achievement of the organisation's objectives;
- an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance arrangements.

4.3.2 Internal Audit will review, appraise and report upon policies, procedures and operations in place to:

4.3.2.1 Establish and monitor the achievement of the Trust's objectives;

4.3.2.2 Identify, assess and manage the risks to achieving the Trust's objectives;

4.3.2.3 Ensure the economical, effective and efficient use of resources;

4.3.2.4 Ensure compliance with established policies (including behavioural and ethical expectations), procedures, laws and regulations;

4.3.2.5 Safeguard the Trust's assets and interests from loss of any kind, including those arising from:

4.3.2.5.1 fraud and other offences;

4.3.2.5.2 waste, extravagance, inefficient administration; and

4.3.2.5.3 poor value for money and other causes.

4.3.2.6 Ensure the integrity and reliability of information, accounts and data including internal and external reporting and accountability processes.

4.3.3 Where requested by the Board of Directors, and where not otherwise required, the Internal Audit shall independently verify external submissions made by the Trust.

4.3.4 The Head of Internal Audit will provide to the Audit Committee:

- 4.3.4.1 a risk-based plan of Internal Audit work, agreed with management and approved by the Audit Committee, based upon the management's assurance framework that will enable the auditors to collect sufficient evidence to give an opinion on the adequacy and effective operation of the Trust;
- 4.3.4.2 regular updates on the progress against plan:
- 4.3.4.3 reports of management's progress on the implementation of action agreed as a result of Internal Audit findings;
- 4.3.4.4 An annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the Trust's risk management, control and governance processes (i.e. the system of financial control). This opinion will provide the basis on which to make a statement on the effectiveness of internal control as required by the Independent Regulator from time to time.
- 4.3.4.5 Additional reports as requested by the Audit Committee.
- 4.3.5 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 Finance Director must be notified immediately.
- 4.3.6 The Head of Internal Audit (or their Nominated Officer, or such external consultant appointed by the Board of Directors to undertake the Internal Audit) will normally attend Audit Committee meetings and has a right of access to all Audit Committee members, the Chair and Chief Executive of the Trust.
- 4.3.7 The Head of Internal Audit (or their Nominated Officer, or such external consultant appointed by the Board of Directors to undertake Internal Audit) shall be accountable to the Finance Director.
- 4.3.8 The reporting system for Internal Audit shall be agreed between the Finance Director, the Audit Committee and the Head of Internal Audit or equivalent. The agreement shall be in writing.
- 4.3.9 The reporting system shall be reviewed at least every three years.
- 4.3.10 The appointment and termination of the Head of Internal Audit and/or the Internal Auditors must be approved by the Audit Committee.

4.4 **External audit**

- 4.4.1 The Auditor is to be appointed in accordance with the provisions of paragraph 38.2 of the Constitution.
- 4.4.2 The Accounting Officer shall ensure that the Auditor is provided with every facility and all documents and information which he/she may require for the purposes of carrying out his/her duties and functions under Schedule 10 to the 2006 Act and in accordance with any guidance or best practice advice

issued by the Independent Regulator on standards, procedures and techniques to be adopted including (but not limited to) the guidance set out in the Audit Code for NHS Foundation Trusts referred to in SFI 1.4.1 above.

- 4.4.3 The Accounting Officer shall ensure that the Trust complies with the guidance set out by the Independent Regulator (referred to in SFI 1.4.1 above), insofar as it applies to the Trust.

4.5 **Fraud and corruption**

- 4.5.1 In line with their responsibilities, the Chief Executive and Finance Director shall monitor and ensure compliance with any relevant guidance issued by the Independent Regulator or NHS Counter Fraud Authority of the NHS Business Services Authority on fraud and corruption.
- 4.5.2 The Finance Director is responsible for the promotion of counter fraud measures within the Trust and, in that capacity, he/she will ensure that the Trust co-operates with the Independent Regulator and NHS Counter Fraud Authority of the NHS Business Services Authority to enable them to efficiently and effectively carry out their respective functions in relation to counter fraud.
- 4.5.3 The Trust will appoint at least one person (who may be either an Officer or a person whose services are supplied to the Trust by an outside organisation) as a Local Counter Fraud Specialist, in accordance with any guidance issued by the Independent Regulator or NHS Counter Fraud Authority of the NHS Business Services Authority on the suitability criteria for such appointees.
- 4.5.4 The Finance Director will ensure that the Trust's Local Counter Fraud Specialist appointed under SFI 4.5.3 above receives appropriate training in connection with counter fraud measures and that he/she is accredited by the Counter Fraud Professional Accreditation Board.
- 4.5.5 Where the Trust appoints a Local Counter Fraud Specialist whose services are provided to the Trust by an outside organisation, the Finance Director must be satisfied that the terms on which those services are provided are such to enable the Local Counter Fraud Specialist to carry out his/her functions effectively and efficiently and, in particular, that he/she will be able to devote sufficient time to the Trust.
- 4.5.6 The Local Counter Fraud Specialist shall report directly to the Finance Director and shall work with the Independent Regulator and the NHS Counter Fraud Authority of the NHS Business Services Authority.
- 4.5.7 The Local Counter Fraud Specialist and the Finance Director will, at the beginning of each Financial Year, prepare a written work plan outlining the Local Counter Fraud Specialist's projected work for that Financial Year.
- 4.5.8 The Local Counter Fraud Specialist shall be afforded the opportunity to attend Audit Committee meetings and other meetings of the Board of Directors, or its committees, as required, but shall usually be required to attend two meetings of the Audit Committee annually.

- 4.5.9 The Finance Director will ensure that the Local Counter Fraud Specialist:
 - 4.5.9.1 keeps full and accurate records of any instances of fraud and suspected fraud;
 - 4.5.9.2 reports to the Board of Directors any weaknesses in fraud-related systems and any other matters which may have fraud-related implications for the Trust;
 - 4.5.9.3 has all necessary support to enable him/her to efficiently, effectively and promptly carry out his/her functions and responsibilities, including working conditions of sufficient security and privacy to protect the confidentiality of his/her work;
 - 4.5.9.4 receives appropriate training and support, as recommended by NHS Counter Fraud Authority, a Division of the NHS Business Services Authority; and
 - 4.5.9.5 participates in activities which the Independent Regulator directs, or in which NHS Counter Fraud Authority of the NHS Business Services Authority is engaged, including national anti-fraud measures.
- 4.5.10 The Finance Director must, subject to any contractual or legal constraints, require all Trust staff to co-operate with the Local Counter Fraud Specialist and, in particular, that those responsible for human resources disclose information which arises in connection with any matters (including disciplinary matters) which may have implications in relation to the investigation, prevention or detection of fraud.
- 4.5.11 The Finance Director must also prepare a “fraud response plan” that sets out the action to be taken both by persons detecting a suspected fraud and the Local Counter Fraud Specialist, who is responsible for investigating it.
- 4.5.12 Any Officer discovering or suspecting a loss of any kind must either immediately inform the Chief Executive and the Finance Director or the Local Counter Fraud Specialist, who will then inform the Finance Director and/or Chief Executive. Where a criminal offence is suspected, the Finance Director must immediately inform the police if theft or arson is involved, but if the case involves suspicion of fraud, and corruption or of anomalies that may indicate fraud or corruption then the particular circumstances of the case will determine the stage at which the police are notified; but such circumstances should be referred to the Local Counter Fraud Specialist.
- 4.5.13 For losses apparently caused by theft, fraud, arson, neglect of duty or gross carelessness, except if trivial and where fraud is not suspected, the Finance Director must immediately notify:
 - 4.5.13.1 the Board of Directors; and
 - 4.5.13.2 the Auditor.

4.6 Security Management

- 4.6.1 The Chief Executive is responsible for the security of Officers and people engaged in activities for the purposes of the functions of the Trust.
- 4.6.2 The Chief Executive is responsible for:
 - 4.6.2.1 security management matters; and
 - 4.6.2.2 the promotion of security management measures, within the Trust.
- 4.6.3 The Trust will appoint at least one person as a Local Security Management Specialist, in accordance with any guidance issued by the Independent Regulator or NHS Counter Fraud Authority of the NHS Business Services Authority on suitability criteria for such appointees.
- 4.6.4 The Chief Executive will ensure that the Trust's Local Security Management Specialist appointed under SFI 4.6.3 above receives appropriate training in connection with security management measures, and that he/she does not undertake responsibility for, or be in any way engaged in, the counter fraud activities of any other Health Service Body.
- 4.6.5 The Local Security Management Specialist shall report to the Finance Director. The Finance Director shall report to the Chief Executive and shall work with the Independent Regulator, the NHS Counter Fraud Authority and the NHS Business Services Authority.
- 4.6.6 The Chief Executive will ensure that the Trust co-operates with the Independent Regulator and NHS Counter Fraud Authority, a Division of the NHS Business Services Authority, to enable them to efficiently and effectively carry out their respective functions in relation to security management.
- 4.6.7 The Chief Executive will ensure that the Trust has effective arrangements in place to ensure that:
 - 4.6.7.1 breaches of security and weakness in security-related systems are reported as soon as practicable to:
 - 4.6.7.1.1 the Local Security Management Specialist;
 - 4.6.7.1.2 the Audit Committee; and
 - 4.6.7.1.3 the Auditor,
 - 4.6.7.2 any confidentially of information relevant to the investigation of breaches of security is protected; and
 - 4.6.7.3 where possible, it recovers money lost through breaches of security.
- 4.6.8 The Local Security Management Specialist and the Finance Director will, at the beginning of each Financial Year, prepare a written work plan outlining

the Local Security Management Specialist's projected work for that Financial Year.

- 4.6.9 The Local Security Management Specialist shall be afforded the opportunity to attend Audit Committee meetings, and other meetings of the Board of Directors, or its committees, as required.
- 4.6.10 The Chief Executive will ensure that the Local Security Management Specialist:
 - 4.6.10.1 keeps full and accurate records of any breaches, or suspected breaches, of security;
 - 4.6.10.2 reports to the Board of Directors any weaknesses in security-related systems or any other matters which may have implications for security management for the Trust;
 - 4.6.10.3 has all necessary support to enable him/her to efficiently, effectively and promptly carry out his/her functions and responsibilities, including working conditions of sufficient security and privacy to protect the confidentiality of his/her work;
 - 4.6.10.4 receives appropriate training and support, as recommended by the NHS Counter Fraud Authority of the NHS Business Services Authority; and
 - 4.6.10.5 participates in activities which the Independent Regulator directs, or in which the NHS Counter Fraud Authority of the NHS Business Services Authority is engaged, relating to national security management measures.

5 ALLOCATIONS, BUSINESS PLANNING, BUDGETS, BUDGETARY CONTROL AND MONITORING

5.1 Preparation and approval of business plans and Budgets

- 5.1.1 The Chief Executive will compile and submit to the Board of Directors an annual plan that takes into account financial targets and forecast limits of available resources (the "Annual Plan"). The Annual Plan will contain:
 - 5.1.1.1 a statement of the significant assumptions on which the Annual Plan is based; and
 - 5.1.1.2 details of major changes in workload, delivery of services or resources required to achieve the aims and objectives set out in the Annual Plan.
- 5.1.2 Prior to the start of the Financial Year, the Finance Director will, on behalf of the Chief Executive, prepare and submit Budgets for approval by the Board of Directors. Such Budgets will:

- 5.1.2.1 be in accordance with the aims and objectives set out in the Trust's Annual Plan and the Trust's Forward Plan (which forms part of the Hampshire and Isle of Wight Sustainability and Transformation Plan);
 - 5.1.2.2 accord with workload and workforce plans;
 - 5.1.2.3 be produced following discussion with appropriate Budget Holders;
 - 5.1.2.4 be prepared within the limits of available funds and with regard to the Risk Assurance Framework; and
 - 5.1.2.5 identify potential risks.
- 5.1.3 The Finance Director shall:
- 5.1.3.1 monitor financial performance against Budget, and the Annual Plan and the Trust's Forward Plan;
 - 5.1.3.2 periodically review these; and
 - 5.1.3.3 report to the Board of Directors.
- 5.1.4 All Budget Holders must provide information as required by the Finance Director to enable Budgets to be complied with.
- 5.1.5 The Finance Director has a responsibility to ensure that adequate training is delivered on an on-going basis to Budget Holders to help them manage their financial budget successfully.

5.2 **Budgetary delegation**

- 5.2.1 The Chief Executive may delegate the management of a Budget to permit the performance of a defined range of activities including pooled budget arrangements under Section 75 of the Health and Social Care Act 2012. This delegation must be in writing and be accompanied by a clear definition of:
- 5.2.1.1 the amount of the Budget;
 - 5.2.1.2 the purpose(s) of each Budget heading;
 - 5.2.1.3 individual and group responsibilities;
 - 5.2.1.4 authority to exercise virement;
 - 5.2.1.5 achievement of planned levels of service; and
 - 5.2.1.6 the provision of regular reports.
- 5.2.2 The Chief Executive and delegated Budget Holders must not exceed the budgetary total or virement limits set by the Board of Directors.

- 5.2.3 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Executive, subject to any authorised use of virement.
- 5.2.4 Non-recurring Budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the Finance Director.
- 5.2.5 The financial position of pooled budgets under Section 75 of the Health and Social Care Act must be reported to the Board of Directors on an annual basis.

5.3 **Budgetary control and reporting**

- 5.3.1 The Finance Director will devise and maintain systems of budgetary control. These will include:
 - 5.3.1.1 monthly financial reports to the Board of Directors in a form approved by the Board of Directors containing:
 - 5.3.1.1.1 income and expenditure to date showing trends and forecast year-end position;
 - 5.3.1.1.2 movements in working capital;
 - 5.3.1.1.3 movements in cash and capital;
 - 5.3.1.1.4 capital project spend and projected outturn against plan;
 - 5.3.1.1.5 explanations of any material variances from plan; and
 - 5.3.1.1.6 details of any corrective action where necessary and the Chief Executive's and/or Finance Director's views of whether such actions are sufficient to correct the situation;
 - 5.3.1.2 the issue of timely, accurate and comprehensible advice and financial reports to each Budget Holder, covering the areas for which they are responsible;
 - 5.3.1.3 investigation and reporting of variances from financial, workload and manpower Budgets;
 - 5.3.1.4 monitoring of management action to correct variances; and
 - 5.3.1.5 arrangements for the authorisation of virements.
- 5.3.2 Each Budget Holder is responsible for ensuring that:
 - 5.3.2.1 any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Board of Directors;

5.3.2.2 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 detailed scheme of delegation as set out in the Scheme of Delegation and Board Reserved Powers; and

5.3.2.3 no permanent Officers are appointed without the approval of the Chief Executive other than those provided for within the available resources established by the Board of Directors.

5.3.3 The Chief Executive is responsible for identifying and implementing cost improvements and income generation initiatives in accordance with the requirements of the Annual Plan, the Trust's Forward Plan and a balanced Budget.

5.4 **Capital expenditure**

5.4.1 The general rules applying to budgetary delegation, budgetary control and reporting set out in Standing Financial Instructions 5.2 and 5.3 above, shall also apply to capital expenditure.

5.4.2 The particular applications relating to capital are contained in SFI 14 below.

5.5 **Monitoring returns**

5.5.1 The Chief Executive is responsible for ensuring that the Trust makes the required submissions to the Independent Regulator as required under the annual planning and monitoring cycle set out in the Risk Assurance Framework referred to in SFI 1.4.2.

5.5.2 Notwithstanding the generality of SFI 5.5.1 above, the Chief Executive is also responsible for ensuring that any other monitoring forms and/or returns are submitted to the requisite monitoring organisation.

6 **ACCOUNTS, ANNUAL ACCOUNTS AND ANNUAL REPORT, THE ANNUAL AND FORWARD PLAN**

6.1 The Finance Director, on behalf of the Trust, will keep accounts in such form as the Independent Regulator may with the approval of HM Treasury direct.

6.2 The Finance Director is responsible for ensuring that the Trust complies with any directions given by the Independent Regulator (with the approval of HM Treasury) as to:

6.2.1 the methods and principles according to which the accounts are to be prepared; and

6.2.2 the information to be given in the accounts.

6.3 The Accounting Officer is responsible for the preparation and submission of Annual Accounts in respect of each Financial Year in such form as the Independent Regulator may with the approval of HM Treasury direct.

- 6.4 For the purposes of Standing Financial Instructions 6.1 to 6.3 above, the Finance Director and the Accounting Officer shall:
- 6.4.1 prepare annual financial accounts and corresponding financial returns in such form as NHS Improvement and HM Treasury prescribe;
 - 6.4.2 ensure that these annual accounts and financial returns comply with current guidelines and directions given by NHS Improvement.
- 6.5 In accordance with paragraph 40 of the Constitution, the Trust's Annual Accounts must be audited by the Auditor appointed by the Council of Governors pursuant to paragraph 38.2 of the Constitution.
- 6.6 The Trust will prepare an Annual Report, in accordance with paragraph 41.1 of the Constitution and the directions of the Independent Regulator as laid down in the annual reporting guidance for NHS foundation trusts as set out in the NHS Foundation Trust Annual Reporting Manual (or otherwise) and Department of Health Group Accounting Manual that is in force for the relevant Financial Year and send it to the Independent Regulator.
- 6.7 The Annual Report and Accounts shall be approved by the Board of Directors. Subject to SFI 6.8 below, the Board of Directors will ensure that the Annual Accounts, any report of the Auditor on them and the Annual Report are presented to the Council of Governors at a general meeting of the Council of Governors pursuant to paragraph 42 of the Constitution.
- 6.8 Notwithstanding the provisions of SFI 6.7 above, the meeting of the Council of Governors referred to in paragraph 42 of the Constitution must be convened within a reasonable timescale after the end of the Financial Year, but must not be before the date upon which the Annual Report and Annual Accounts have been laid before Parliament, as laid down in the annual reporting guidance for NHS foundation trusts as set out in the NHS Foundation Trust Annual Reporting Manual (or otherwise) that is in force for the relevant Financial Year.
- 6.9 In accordance with paragraph 41.2 of the Constitution, the Trust shall give the Forward Plan (which forms part of the Hampshire and Isle of Wight Sustainability and Transformation Plan) to the Independent Regulator each Financial Year. This information shall be prepared by the Board of Directors, who must have regard to the views of the Council of Governors.

7 BANK AND GOVERNMENT BANKING SERVICE (GBS) ACCOUNTS

7.1 General

- 7.1.1 The Finance Director is responsible for managing the Trust's banking arrangements and for advising the Board of Directors on the provision of banking services and the operation of accounts. This advice will take into account any relevant guidance or (where relevant) best practice advice issued from time to time by the Independent Regulator.
- 7.1.2 The Board of Directors shall approve the Trust's banking arrangements.

7.2 Bank and GBS accounts

The Finance Director is responsible for:

- 7.2.1 bank accounts and GBS accounts;
- 7.2.2 establishing separate bank accounts for the Trust's non-Exchequer funds;
- 7.2.3 ensuring payments made from bank or GBS accounts do not exceed the amount credited to the account where arrangements have been made;
- 7.2.4 reporting to the Board of Directors all arrangements made with the Trust's bankers for accounts to be overdrawn within the Trust's working capital facility (if in existence), as set out in the terms of Authorisation (together with remedial action taken);

7.3 Banking procedures

The Finance Director will ensure that detailed instructions on the operation of bank and GBS accounts are prepared which must include:

- 7.3.1 the conditions under which each bank and GBS account is to be operated;
- 7.3.2 the limit to be applied at any overdraft;
- 7.3.3 those authorised to sign cheques or other orders drawn on the Trust's accounts; and
- 7.3.4 the use of shared business services.
- 7.3.5 The Finance Director must advise the Trust's bankers in writing of the conditions under which each account will be operated.

7.4 Tendering and review

- 7.4.1 The Finance Director will review the banking arrangements of the Trust at regular intervals to ensure they reflect best practice and represent value for money by periodically seeking competitive tenders for the Trust's banking business.
- 7.4.2 Competitive tenders should be sought at least every 5 years.
- 7.4.3 The results of the tendering exercise conducted under SFI 7.4.2 above should be reported to the Board of Directors.
- 7.4.4 The Tendering Procedure is set out at SFI 9.

7.5 Investments

- 7.5.1 Subject to any limitations contained in the Regulatory Framework, the Trust may invest money (other than money held by it as trustee) for the purposes of, or in connection with, its functions. Such investments may include investment by:

7.5.1.1 forming, or participating in forming, bodies corporate; and

7.5.1.2 otherwise acquiring membership of bodies corporate.

7.5.2 In making any investments under SFI 9.4.1 above, the Trust will comply with any relevant guidance and/or best practice advice issued by the Independent Regulator, including (for the avoidance of doubt), but not limited to:

7.5.2.1 "Managing Operating Cash in NHS Foundation Trusts" (December 2005); and

7.5.2.2 "Supporting NHS providers: guidance on transactions for NHS foundation trusts Updated March 2015", or any amendments, replacements or modifications made.

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

8.1 Income systems

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

8.2 Fees and charges

8.2.1 The Finance Director is responsible for setting and regularly reviewing the level of all fees and charges other than those determined by the Independent Regulator or by statute. Independent professional advice on matters of valuation should be taken as necessary. Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered the provisions of any guidance or best practice advice issued by the Independent Regulator shall be followed.

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

8.2.3 Any employee wishing to use Trust assets for private use must comply with the Trust's policies, including those on use of the telephone and loan of equipment.

8.3 Debt recovery

8.3.1 The Finance Director is responsible for the appropriate recovery action on all outstanding debts.

8.3.2 Income not received should be dealt with in accordance with losses procedures set out in SFI 16.2.

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 Finance Director is responsible for:

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

8.4.1.2 ordering and securely controlling any such stationery;

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

8.4.1.4 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 Finance Director.

8.4.4 All Officers who hold cash will be provided with a safe or lockable cash box which shall normally be deposited in a safe. The relevant Nominated Officer will hold one key. That Nominated Officer shall arrange for a duplicate key to be lodged in the Trust Headquarters safe. Instructions for the release of this duplicate key should be prepared by the Nominated Officer and approved by the Finance Director. Loss of any key should be reported immediately to the Finance Director. During the absence of the key holder, the Officer who acts in their place shall be subject to the same controls as the key holder. A written discharge of the contents of the safe or cash box on the transfer of responsibilities should be retained for audit purposes with consideration to operational practices. 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.

8.4.5 The opening of incoming post shall be undertaken by two Officers wherever it is reasonable to presume that cash, cheques, postal orders and other forms of payment are routinely received and shall be entered immediately in an approved form or remittance register, which should be countersigned by a third Officer. In all other circumstances it is acceptable for the post to be opened by one officer.

- 8.4.6 An official receipt will be made out for all cash receipts when requested, showing the type of remittance and the reasons for payment.
- 8.4.7 A special receipt will be issued for all charitable fund donations which will enable the donor to express their wishes as to the purpose of the donation.
- 8.4.8 The opening of coin operated machines (including telephones) and the counting and recording of the takings shall be undertaken by two Officers together, except as may be authorised in writing by the Finance Director and the coin box keys shall be held by a Nominated Officer.
- 8.4.9 All unused cheques and other orders shall be subject to the same security precautions as are applied to cash: bulk stocks of cheques shall normally be retained by the Trust's bankers and released by them only against a requisition signed by the Finance Director or a nominated officer.
- 8.4.10 The use of a cheque signing machine and/or cheques with a pre-printed signature included shall be subject to such special security precautions as may be required from time to time by the Finance Director.
- 8.4.11 The Finance Director shall ensure that Officers are informed on their appointment of their responsibilities and duties (if any) for the collection, handling or disbursement of cash, cheques, etc.
- 8.4.12 Any loss or shortfall of cash, cheques, or other negotiable instruments, however occasioned, shall be reported immediately in accordance with the agreed procedure for reporting losses.

9 TENDERING AND CONTRACT PROCEDURE

9.1 Compliance requirements for all expenditure contracts

- 9.1.1 The Board of Directors may only enter into contracts on behalf of the Trust within its statutory powers as set out within the Regulatory Framework and shall comply with:
 - 9.1.1.1 these Standing Financial Instructions;
 - 9.1.1.2 the Standing Orders for the Board of Directors save where SO 3.16 (Suspension of Standing Orders) applies;
 - 9.1.1.3 EU Directives and other statutory provisions;
 - 9.1.1.4 The EU Treaty principles of fairness, transparency, proportionality, free movement and non- discrimination;
 - 9.1.1.5 any relevant guidance issued by the Independent Regulator; and
 - 9.1.1.6 EU Procurement thresholds.

- 9.1.2 Where appropriate contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited.
- 9.1.3 In all contracts made by the Trust, the Board of Directors shall endeavour to obtain 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.
- 9.1.4 Wherever a budget holder enters into an arrangement with a supplier which commits the Trust to an ongoing contract then the budget holder is required to provide details of the contract to the Head of Procurement to be recorded in the Trust Contracts database.

9.2 Expenditure subject to tendering and contracting

- 9.2.1 For the purpose of these Standing Financial Instructions, contracts shall include:
 - 9.2.1.1 the supply of goods, materials and manufactured articles;
 - 9.2.1.2 the rendering of services including all forms of management consultancy services;
 - 9.2.1.3 the design, construction and maintenance of capital constructions works and estate services (including construction and maintenance of grounds and gardens);
 - 9.2.1.4 lease and hire purchase contracts; and
 - 9.2.1.5 disposals.

9.3 Competitive Process

- 9.3.1 The competitive process will be undertaken as:
 - 9.3.1.1 formal competitive tendering;
 - 9.3.1.2 mini-competitions or direct awards (where permitted) against available national or regional framework agreements (as verified by the Trust's Procurement Department) that have been pre-tendered; or
 - 9.3.1.3 competitive quotations.
- 9.3.2 The detailed procurement scheme of delegation is set out at Annex 2 of the Scheme of Delegation and Board Reserved Powers.
- 9.3.3 Where there is the option for quotations or tendering within Annex 2 of the Scheme of Delegation and Board Reserved Powers, services will normally require a tender and products may be accommodated via a quotation process.
- 9.3.4 Tenders should be run using the Trust's e-tendering system.

9.4 Exceptions to the competitive process

9.4.1 Formal competition need not be applied where:

- 9.4.1.1 the estimated expenditure does not, or is not reasonably expected to, exceed the amounts set out in Annex 2 to the Scheme of Delegation and Board Reserved Powers (such figures to be reviewed annually);
- 9.4.1.2 the supply is proposed under special arrangements negotiated by the Department of Health, which the Trust is required by the Independent Regulator to comply with;
- 9.4.1.3 the requirement is covered by an existing contract and the additional expenditure does not either constitute a material difference (e.g. change of scope, or increase in value of 10% or more), or result in a shift in the economic balance of the contract in favour of the contractor;
- 9.4.1.4 national public sector or NHS agreements including NHS Supply Chain are in place and have been approved by the Department of Health;
- 9.4.1.5 a direct award to a supplier on a national or regional framework is permissible and recommended according to the rules of the framework;
- 9.4.1.6 the requirement is to attend a training course, seminar, conference or similar unique event or to purchase a membership / subscription for which there is only one authority / publication;
- 9.4.1.7 a consortium arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the consortium members;
- 9.4.1.8 a commissioning body is market testing the whole business to ensure value for money and the Trust requires a partner or subcontractor to respond to the invitation to tender. The selection of the partner by the Trust need not be separately competed; or
- 9.4.1.9 the requirement is for the securing of a named individual on a temporary basis to fulfil a role and where substitution of another resource is not acceptable. In this case this does not constitute a procurement but the nominated Officer must still ensure value for money (details are contained in SFI 9.22).

9.5 Justifications for waiving competitive processes

9.5.1 Formal competitive procedures may be waived where:

- 9.5.1.1 in very exceptional circumstances 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;
 - 9.5.1.2 the requirement can be covered by an existing contract but the additional expenditure either constitutes a material difference (e.g. change of scope, or increase in value of 10% or more), or results in a shift in the economic balance of the contract in favour of the contractor;
 - 9.5.1.3 the timescale genuinely precludes competitive tendering, but failure to plan the work properly is not a justification for single tender;
 - 9.5.1.4 after considering the specification, specialist expertise is required and available from only one source;
 - 9.5.1.5 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;
 - 9.5.1.6 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; or
 - 9.5.1.7 for the provision of legal advice and services provided that any legal firm or partnership commissioned by the Trust is regulated by the Solicitors Regulation Authority 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 provided that the Finance Director is satisfied that any fees paid by the Trust are reasonable and within commonly accepted rates for the costing of such work.
- 9.5.2 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.
- 9.5.3 Where it is decided that competitive tendering is not applicable and should be waived by virtue of any provision of SFI 9.5.1.1 to 9.5.1.7 above:
- 9.5.3.1 a non-competitive quotation in writing will be obtained; and
 - 9.5.3.2 the fact of the waiver and the reasons should be documented and recorded in an appropriate Trust record endorsed in accordance with Annex 2 of the Scheme of Delegation and Board Reserved Powers, and reported to the Audit Committee in a formal meeting where the value of the contract is over

£25,000. A log of such approvals should be maintained by the Finance Director.

9.6 Fair and adequate competition

- 9.6.1 Except where SFI 9.4.1 or 9.5.1 or a requirement under SFI 9.1.1.3 applies, the Board of Directors shall ensure that invitations to tender/quote are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate and in accordance with Annex 2 of the Scheme of Delegation and Board Reserved Powers, and for formal tenders 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.
- 9.6.2 Where an opportunity is being advertised to attract a wider field of suppliers and the value is >£25,000 it should all be registered on Contracts Finder.

9.7 Items which subsequently breach thresholds after original approval

- 9.7.1 Items purchased according to the limits set in Annex 2 of the Scheme of Delegation and Board Reserved Powers, which subsequently prove to have a value above such limits, shall be recorded by the Finance Director in an appropriate Trust record and reported to the Audit Committee.

9.8 Invitation to tender

- 9.8.1 All invitations to tender shall state the date and time as being the latest time for the receipt of tenders.
- 9.8.2 All invitations to tender shall state that no tender will be accepted unless submitted in either:
- 9.8.2.1 electronic format using the Trust's e-tendering system; or
 - 9.8.2.2 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 his/her Nominated Officer; or
 - 9.8.2.3 in a special envelope/package supplied by the Trust to prospective tenderers and the tender envelopes/packages shall not bear any names or marks indicating the sender. The use of courier/postal services must not identify the sender on the envelope or on any receipt so required by the deliverer.
- 9.8.3 In relation to the procurement of capital construction projects or estate services:
- 9.8.3.1 The Trust will consider the use of the "ProCure 21" framework of "principal supply chain partners" who have been engaged under a central arrangement with the Department of Health to provide a "one stop shop" for the provision of design and construction advice and delivery for all stages of a project using

standard documentation based on the New Engineering Contract (NEC) Engineering and Construction Contract. The use of the ProCure 21 framework arrangement avoids the need for the issue of advertisements in the Official Journal of the European Union to select designers and contractors if the value of the works and services exceeds the relevant financial thresholds set out in the Public Service Contracts Regulations 2006, as amended (or any statutory modification, replacement or re-enactments made). For smaller value work, or work for which the Trust does not wish to make use of the ProCure 21 framework, the Trust will ensure that construction contracts embody the relevant forms of contract from the suite of contracts published by the Joint Contracts Tribunal, the NEC or others as approved by the Associate Director of Estates and Facilities Management.

- 9.8.3.2 Where the subject matter of the contract is primarily the instalment of specialist plant, the Trust will consider one of the relevant standard forms of contract from the Joint Contracts Tribunal or the NEC for the installation of electrical or process plant (the main difference with such contracts being the attention to testing the relevant equipment or plant to make sure it passes operational tests at various stages of its delivery or installation).
- 9.8.3.3 With regard to the appointment of construction professionals such as project managers in relation to ProCure 21 projects, cost consultants and, in relation to non-ProCure 21 projects, designers, the Trust will ensure that a common form of appointment is adopted for all consultants with appropriate differentiation of the services to be provided according to the discipline being appointed (i.e. a project manager's services will be to provide project management services and an architect's services will be related to the provision of architectural design).
- 9.8.3.4 Where a common form of appointment is adopted pursuant to SFI 9.8.3.3 above, the Trust will ensure that all consultants have the same basic obligations and are subject to the same provisions regarding, for example, dispute resolution.
- 9.8.3.5 The Trust will not use the NHS "Blue Book" agreement as the basis for the appointment of architects, surveyors and engineers without ensuring that corrective amendments are made to the agreement generally and in particular to the payment and dispute resolution provisions, to ensure compliance with the Housing Grants, Construction and Regeneration Act 1996.
- 9.8.4 The Officer handling the procurement will send a "notification of tender form" listing the parties invited to tender to the Chief Executive or Nominated Officer.
- 9.8.5 Every tender must have given, or give, a written undertaking not to engage in collusive tendering or other restricted practice.

9.9 Receipt and safe custody of tenders

- 9.9.1 The Chief Executive or his/her Nominated Officer will be responsible for the receipt, endorsement and safe custody of tenders received until the time appointed for their opening. Tenders processed using the e-tendering system are not accessible until the appointed time.
- 9.9.2 The date and time of receipt of each tender shall be automatically recorded on the e-tendering system or endorsed on the unopened tender envelope/package.

9.10 Opening tenders and register of tenders

- 9.10.1 Electronic tendering is preferred for all tenders and will include a full audit trail. Where this is not used the following rules apply.
- 9.10.2 Except in the case of quotations and tenders relating to capital construction projects and estate services (see SFI 9.10.6 below), and subject to SFI 9.10.2 below, 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 Officers designated by the Chief Executive and not from the originating department.
- 9.10.3 An Executive Director will be required to be one of the two Officers present for the opening of the tenders estimated above £1 million. The rules relating to the opening of tenders will need to be read in conjunction with any delegated authority set out in the Scheme of Delegation and Board Reserved Powers.
- 9.10.4 The "originating department" referred to in SFI 9.10.1 above and in subsequent paragraphs will be taken to mean the department sponsoring or commissioning the tender.
- 9.10.5 The involvement of Finance Directorate staff in the preparation of a tender proposal will not preclude the Finance Director or any approved senior Officer from the Finance Directorate from serving as one of the two Officers required to open tenders.
- 9.10.6 All Executive Directors will be authorised to open tenders regardless of whether they are from the originating department provided that the other Officer opening tenders with them is not from the originating department.
- 9.10.7 In the case of quotations and tenders relating to capital construction projects and estate services, and subject to the provisions set out in the Scheme of Delegation and Board Reserved Powers, tenders and quotations shall be opened by two Estates and Facilities Management officers designated by the Associate Director of Estates and Facilities Management, and quotes may be opened by a Nominated Officer of the Estates and Facilities Management department and as set out in Appendix 2 of Annex 2 to the Scheme of Delegation and Board Reserved Powers, so long as the Officer is not the Officer requesting the quotation.

- 9.10.8 The Company Secretary will count as an Executive Director for the purposes of opening tenders. In the case of contracts relating to capital construction projects and estate services, the Associate Director of Estates and Facilities Management shall count as an Executive Director for the purpose of opening tenders.
- 9.10.9 Every tender received shall be marked with the date of opening and initialled by those present at the opening. The e-tendering system shall record opening times and deadlines for procurements made through this process.
- 9.10.10 A register (the "Register of Tenders") shall be maintained by the Chief Executive, or an Officer authorised by him/her, to show for each set of competitive tender invitations dispatched:
- 9.10.10.1 the names of all firms and/or individuals invited to tender;
 - 9.10.10.2 the names of all firms and/or individuals from which tenders have been received;
 - 9.10.10.3 the date the tenders were opened;
 - 9.10.10.4 the persons present at the opening or administering the e-tender process;
 - 9.10.10.5 the price shown on each tender; and
 - 9.10.10.6 a note where price alterations have been made on the tender.
- 9.10.11 Each entry to the Register of Tenders shall be signed by those persons present at the opening of the tenders.
- 9.10.12 A note shall be made in the Register of Tenders if any one tender price has had so many alterations that it cannot be readily read or understood.
- 9.10.13 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/her 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 (see SFI 9.12 below).

9.11 **Admissibility**

- 9.11.1 If for any reason the designated Officers appointed pursuant to SFI 9.9.1 above 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.
- 9.11.2 Where only one tender is sought and/or received, the Chief Executive and Finance Director or Associate Director of Estates and Facilities Management for contracts relating to capital construction projects and

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

- 9.11.3 Where a tender is received and not deemed as being compliant the tender will be excluded from the process. Any such tenders will be recorded with the rationale for non-compliance identified.

9.12 **Late tenders**

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

- 9.12.2 Only in the most exceptional circumstances will a tender be considered which is received after the opening of the other tenders and only then if the tenders that have been duly opened have not left the custody of the Chief Executive or his/her Nominated Officer or if the process of evaluation and adjudication has not yet started.

- 9.12.3 While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential, recorded and held in safe custody by the Chief Executive or his/her Nominated Officer.

- 9.12.4 Accepted late tenders will be recorded in a Trust record and reported to the Audit Committee.

9.13 **Cancellation of a tender process**

- 9.13.1 Tenders published and subsequently ceased at any stage before award of a contract will be reported to the Finance Director and recorded in the contract file detailing the reasons for the cancellation and the alternative arrangements for provision of the service, product or works.

9.14 **Acceptance of formal tenders**

- 9.14.1 Any discussions with a tenderer which are deemed necessary to clarify technical aspects of his/her tender before the award of a contract will not disqualify the tender.

- 9.14.2 In all tenders the Trust will endeavour to obtain best value for money. It is accepted that for some products and services the lowest price does not always represent the best value for money. Other factors to be taken into consideration could include:

9.14.2.1 reliability;

9.14.2.2 clinical risk reduction;

9.14.2.3 experience and qualifications of team members;

9.14.2.4 understanding of client's needs;

9.14.2.5 feasibility and credibility of proposed approach;

9.14.2.6 ability to complete the project on time.

9.14.3 Where other factors are taken into account in selecting a tenderer, these must be clearly recorded and documented in the contract file or ratification document, and the reason(s) for not accepting the lowest tender clearly stated.

9.14.4 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 Standing Financial Instructions except with the authorisation of the Chief Executive.

9.14.5 The use of these Standing Financial Instructions must demonstrate that the award of the contract was not in excess of the going market rate/price current at the time the contract was awarded and that best value for money was achieved.

9.14.6 Where a tender price is significantly lower than the other bids or gives other grounds for doubting the credibility of the bid a written explanation of the offer must be sought. If the evidence provided does not satisfactorily account for the bid price or the offering, the bid will be rejected, this will be reported to the Finance Director and this must be clearly recorded and documented in the contract file or ratification document.

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

9.15 Tender reports to the Board of Directors

9.15.1 Tender reports to the Board of Directors shall be made on an exceptional circumstances basis only in accordance with the requirements of the Scheme of Delegation and Board Reserved Powers.

9.16 Estate Services list of approved firms

9.16.1 Responsibility for maintaining list of approved firms

9.16.1.1 An Officer nominated by the Chief Executive shall, on behalf of the Trust, maintain lists of approved firms from whom tenders and quotations may be invited. These shall be kept under frequent review. The lists shall include all firms who have applied for permission to tender and as to whose technical and financial competence the Trust is satisfied. All suppliers must be made aware of the Trust's terms and conditions of contract (where relevant).

9.16.2 Capital Construction Projects and Estate Services

9.16.2.1 Invitations to tender shall be made only to firms included on the approved list compiled in accordance with SFI 9.16.1 and held by the Associate Director for Estates and Facilities Management.

9.16.2.2 Firms included on the approved list shall ensure that when engaging, training, promoting or dismissing employees or in any conditions of employment, shall not discriminate against any person and shall act in accordance with all relevant employment legislation and guidance.

9.16.2.3 Firms included on the approved list shall conform at least with the requirements of the Health and Safety at Work Act 1974 (as amended) 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 Officer a copy of its safety policy and evidence of the safety of plant and equipment and other related documentation requested by the Associate Director for Estates and Facilities Management.

9.16.3 Exceptions to using approved contractors

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

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

9.17 **Competitive quotations**

9.17.1 Quotations are required to be obtained where formal tendering procedures need not be applied under SFI 9.4.1 or where they have been waived under SFI 9.5.1 and where the intended expenditure or income exceeds, or is reasonably expected to exceed the limits defined in the Scheme of Delegation and Board Reserved Powers and/or these Standing Financial Instructions.

9.17.2 Where quotations are required under SFI 9.17.1 they should be obtained from at least three firms (see Annex 2 of the Scheme of Delegation and Board Reserved Powers) and/or individuals based on specifications or terms of reference prepared on behalf of, the Board of Directors.

9.17.3 Quotations must be in writing in accordance with the Scheme of Delegation and Board Reserved Powers unless the Chief Executive or his/her Nominated Officer determines that it is impractical to do so in which case quotations may be obtained by telephone. Confirmation in writing of

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

- 9.17.4 All quotations should be treated as confidential and should be retained for inspection.
- 9.17.5 The Nominated Officer should evaluate the quotations and select the one 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 this fact and the reasons why must be recorded in a permanent record and approved by the Chief Executive and the Finance Director or Nominated Officer. In the case of capital constructions projects and estate services this will be the Associate Director for Estates and Facilities Management.

9.18 Quotations to be within Financial Limits

- 9.18.1 No quotation shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with these Standing Financial Instructions except with the authorisation of either the Chief Executive or Finance Director or Nominated Officer. In the case of capital construction projects and estate services this will be the Associate Director for Estates and Facilities Management.

9.19 Financial standing and technical competence of contractors

- 9.19.1 Proportional due diligence checks of potential suppliers will be undertaken based on the value and criticality of the service or goods to be provided. This will include partners and sub-contractors where the Trust has joined with another organisation to supply a service.
- 9.19.2 All tendered contracts will use the SID4Gov supplier database or Dunn & Bradstreet latest ruling to review nationally available supplier information.
- 9.19.3 Where a Pre-Qualification Questionnaire is used suppliers will be assessed against evidence of financial robustness and technical qualifications.
- 9.19.4 Technical competence of contractors will be assessed based on their ability to meet the technical requirements defined in the Invitation to Tender.

9.20 Authorisation of tenders and competitive quotations

- 9.20.1 Subject to SFI 9.20.2 below and providing all the conditions and circumstances set out in these Standing Financial Instructions have been fully complied with, formal authorisation and awarding of a contract may be decided in accordance with Annex 2 of the Scheme of Delegation and Board Reserved Powers.
- 9.20.2 Formal authorisation must be put in writing by the relevant Officer or, in the case of authorisation by the Board of Directors, such authorisation must be recorded in the minutes of the meeting at which the authorisation was given.

- 9.20.3 The formal agreement with the successful supplier must be documented and supported by a purchase order.
- 9.20.4 The levels of authorisation set out in Annex 2 of the Scheme of Delegation and Board Reserved Powers may be varied or changed from time to time by the Board of Directors.

9.21 **Private finance for capital procurement**

- 9.21.1 The Trust should normally market-test for "Private Finance Initiative" funding when considering a capital procurement. When the Board of Directors proposes, or is required, to use finance provided by the private sector the following should apply:
 - 9.21.1.1 The Finance Director shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.
 - 9.21.1.2 A business case must be prepared and the Trust shall comply with any relevant guidance and/or best practice advice issued by the Independent Regulator.
- 9.21.2 The proposal must be specifically agreed by the Board of Directors in the light of such professional advice as should reasonably be sought in particular with regard to vires.
- 9.21.3 The selection of a contractor and/or finance company must be on the basis of competitive tendering or quotations.

9.22 **Personnel and agency or temporary staff contracts**

- 9.22.1 The Chief Executive shall nominate Officers with delegated authority to enter into contracts for the employment of other Officers and enter into contracts for the engagement of agency staff, temporary staff or others under service contracts.
- 9.22.2 Officers entering into contracts for the employment of interims or other named individuals where the contract is not deemed a procurement (see ref 9.4.10) must ensure value for money either by:
 - 9.22.2.1 utilising the agencies approved by the Director of Workforce, Development and Communications.
 - 9.22.2.2 reference to the equivalent Agenda for Change rates,
 - 9.22.2.3 reference to salary surveys or other benchmarks.
- 9.22.3 In the case where an individual is not on the Trust payroll nor employed via an agency approved by the Director of Workforce, Development and Communications, the Officer must gain assurances from the individual or company regarding adherence to HMRC tax rules, and complete the HMRC Employee Status Indicator (ESI).

9.23 NHS and other healthcare service contracts

- 9.23.1 Contracts made between the Trust and other "health service bodies" (as defined in Section 9(4) of the 2006 Act) for the supply of goods or services will be legally binding contracts and therefore not classed as "NHS contracts" for the purposes of Section 9(1) of the 2006 Act.
- 9.23.2 The Chief Executive shall nominate Officers to commission and enter into contracts with health service bodies and other healthcare service providers in accordance with Annex 3 of the Scheme of Delegation and Board Reserved Powers and in line with plans approved by the Board of Directors.
- 9.23.3 The Chief Executive, as Accounting Officer, will ensure that regular reports are provided to the Board of Directors detailing actual and forecast income from:
- 9.23.3.1 contracts with Health Service Bodies;
 - 9.23.3.2 contracts with other healthcare service providers;
 - 9.23.3.3 contracts for education and training services; and
 - 9.23.3.4 other contracts for the supply of goods or services,
- provided to NHS and/or third party commissioners for which the Trust is the provider of the goods or services in question.

9.24 Prevention of corruption

- 9.24.1 Except where specific provision is made in model forms of contracts or standard schedules of conditions approved for use within the NHS, there shall be inserted in every written contract entered into by the Trust a clause empowering the Trust to cancel the contract and to recover from the contractor the amount of any loss resulting from such cancellation, if:
- 9.24.1.1 the contractor shall have offered, or given or agreed to give, any person any gift or consideration of any kind as an inducement or reward for doing or forbearing to do or for having done or forborne to do any action in relation to the obtaining or execution of the contract or any other contract with the Trust; or
 - 9.24.1.2 for showing or forbearing to show favour or disfavor to any person in relation to the contracts or any other contract with the Trust, or if the like acts shall have been done by any person employed by him/her or acting on his/her behalf (whether with or without the knowledge of the contractor); or
 - 9.24.1.3 if in relation to any contract with the Trust the contractor or any person employed by him/her or acting on his/her behalf shall have committed any offence under the Prevention of Corruption Acts or any other appropriate legislation.

9.25 Determination of contracts for failure to deliver goods or material

9.25.1 There shall be inserted in every written contract for the supply of goods or materials entered into by the Trust a clause to secure that, should the contractor fail to deliver the goods or materials or any portion thereof within the time or times specified in the contract, the Trust may (without prejudice to any other rights under the contract) determine the contract either wholly or to the extent of such default and purchase other goods, or material of similar description to make good (a) such default, or (b) in the event of the contract being wholly determined the goods or materials remaining to be delivered. The contract shall further secure that the amount by which the cost of so purchasing other goods or materials exceeds the amount which would have been payable to the contractor in respect of the goods or materials shall be recoverable from the contractor.

9.26 **Contracts involving funds held on trust**

9.26.1 Subject to SFI 9.26.2 below, contracts involving funds held on trust shall do so individually to a specific named fund. Such contracts involving charitable funds shall comply with the requirements of the Charities Acts.

9.26.2 SFI 9.26.1 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.

9.27 **Disposals**

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

9.27.1.1 any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the Chief Executive or his/her Nominated Officer;

9.27.1.2 obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy of the Trust;

9.27.1.3 items to be disposed of with an estimated sale value of less than £1,000. This figure is to be reviewed annually by the Finance Director;

9.27.1.4 items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract; or

9.27.1.5 any matter which the Independent Regulator has issued specific guidance in relation to.

9.28 **In-house services**

9.28.1 The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided by the Trust 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.

- 9.28.2 In all cases where the Trust determines that in-house services should be subject to competitive tendering the following groups shall be set up:
- 9.28.2.1 "specification group", comprising the Chief Executive or Nominated Officer(s) and specialist(s);
 - 9.28.2.2 "in-house tender group", comprising representatives of the in-house team, a nominee of the Chief Executive and appropriate technical support; and
 - 9.28.2.3 "evaluation group", comprising normally a specialist Officer, a supplies Officer and a representative of the Finance Director. For services having a likely annual expenditure exceeding £500,000 a Non-Executive Director should be a member of the evaluation group.
- 9.28.3 All groups referred to in Standing Financial Instructions 9.28.2.1 to 9.28.2.3 above should work independently of each other but individual Officers may be a member of more than one group. No member of the "in-house tender group" may, however, participate in the evaluation of tenders.
- 9.28.4 The "evaluation group" shall make recommendations to the Board of Directors.
- 9.28.5 The Chief Executive shall nominate an Officer to oversee and manage the in-house service on behalf of the Board of Directors.

10 AGREEMENTS FOR PROVISION OF SERVICES

10.1 Legally binding agreements

- 10.1.1 Subject to the provisions of SFI 9.24 above and Annex 3 of the Scheme of Delegation and Board Reserved Powers, the Chief Executive, as the Accounting Officer, is responsible for ensuring the Trust enters into suitable legally binding agreements with service commissioners for the provision of NHS and public health services. All agreements should align with the Trust's aims and values. In discharging this responsibility, the Chief Executive should take into account:
- 10.1.1.1 the standards of service quality expected;
 - 10.1.1.2 the volume of work being commissioned and the income being made available to deliver it;
 - 10.1.1.3 any opportunities to build upon existing partnership arrangements; and
 - 10.1.1.4 any model contracts issued by NHS England.
- 10.1.2 Where the Trust makes arrangements for the provision of services by non-NHS providers it is the Chief Executive, as the Accounting Officer, who is responsible for ensuring that the agreements put in place have due regard

to the quality and the cost-effectiveness of the services provided. Before making any agreement with non-NHS providers, the Trust should explore fully the scope to make maximum cost-effective use of NHS facilities.

11 TERMS OF SERVICE AND PAYMENT OF DIRECTORS AND OFFICERS

11.1 Remuneration, allowances and terms and conditions of office – Executive Directors

11.1.1 In accordance with paragraph 34 of the Constitution and the Standing Orders for the Board of Directors, the Board of Directors shall establish a committee of Non-Executive Directors to decide the remuneration and allowances, and the other terms and conditions of office of the Executive Directors ("Nominations and Remuneration Committee").

11.1.2 The Nominations and Remuneration Committee shall have such terms of reference (including which posts in addition to the Executive Directors fall within its area of responsibility, its composition, and the arrangements for reporting back to the Board of Directors) and powers, and be subject to such conditions as the Board of Directors shall decide in accordance with any legislation, and/or regulations and/or such guidance or best practice advice issued by the Independent Regulator.

11.1.3 Notwithstanding Standing Financial Instructions 11.1.1 and 11.1.2 above, the Nominations and Remuneration Committee will:

11.1.3.1 decide the remuneration and allowances, and the other terms and conditions of office of the Chief Executive and other Executive Directors, including:

11.1.3.2 all aspects of salary (including any performance-related elements and/or bonuses, including earn-back). Any performance-related elements of the remuneration of Executive Directors should be designed to align their interests with those of patients, service users and taxpayers and to give these Executive Directors keen incentives to perform at the highest levels. In designing schemes of performance-related remuneration, the Nominations and Remuneration Committee should comply with the following provisions:

(i) the Nominations and Remuneration Committee should consider whether the Executive Directors should be eligible for annual bonuses. If so, performance conditions should be relevant, stretching and designed to match the long term interests of the public. Upper limits should be set and disclosed.

(ii) payouts or grants under all incentive schemes should be subject to challenging performance criteria reflecting the objectives of the Trust. Consideration should be given to criteria which reflect the performance of the Trust relative to

a group of comparator NHS foundation trusts in some key indicators.

- (iii) in general, only basic salary should be pensionable.
- (iv) the Nominations and Remuneration Committee should consider pension consequences and associated costs to the Trust of basic salary increases and any other changes in pensionable remuneration, especially for Executive Directors close to retirement;

11.1.3.3 provisions for other benefits, including pensions and cars;

11.1.3.4 arrangements for termination of employment and other contractual terms;

11.1.3.5 make other decisions on the remuneration, allowances and other terms and conditions of office of the Chief Executive and other Executive Directors to ensure they are fairly rewarded for their individual contribution to the Trust – having proper regard to the Trust’s circumstances and performance and to the provisions of any national arrangements where appropriate;

11.1.3.6 monitor and evaluate the performance of individual Executive Directors and

11.1.3.7 decide on and oversee appropriate contractual arrangements for all Executive Directors, including the proper calculation and scrutiny of termination payments taking account of such guidance and/or best practice advice issued by the Independent Regulator, as is appropriate.

11.1.4 The Nominations and Remuneration Committee shall report in writing to the Board of Directors the basis for its decisions in relation to the remuneration, allowances and other terms and conditions of office of the Chief Executive and other Executive Directors.

11.1.5 The Trust will pay remuneration and allowances to the Chair and other Non-Executive Directors in accordance with the decisions of the Council of Governors under paragraph 34.1 of the Constitution.

11.2 **Funded establishment**

11.2.1 The Trust's workforce plans incorporated within the annual Budget will form the funded establishment.

11.2.2 The funded establishment of any department once agreed in the annual Budget may not be varied without the approval of the Chief Executive or Finance Director.

11.3 **Appointments**

- 11.3.1 No Director or Officer may engage, re-engage, or regrade Officers, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration:
 - 11.3.1.1 unless authorised to do so by the Chief Executive or delegated relevant Director; and
 - 11.3.1.2 within the limit of their approved Budget and funded establishment.
- 11.3.2 The Board of Directors will approve any procedures presented by the Chief Executive for the determination of commencing pay rates and condition of service for Officers.
- 11.3.3 Management consultants and other off-payroll arrangements may only be engaged by executive directors. The engagement of management consultants requires a business case with clear scope and deliverables and the approval of two executive directors. Any assignment with an expected or cumulative value in excess of £50,000 will require Audit Committee approval with a subsequent report to the Board of Directors. Audit Committee will receive a report once a quarter highlighting the use of management consultants including the value of spends incurred and known/likely future requirements. In addition, Audit Committee will conduct an evaluation of the performance of each management consultant at least once a year. Purchase orders must be used for each individual management consultant assignment.

11.4 Processing of payroll

- 11.4.1 The Director of Workforce, Organisation Development and Communications is responsible for:
 - 11.4.1.1 specifying timetables for submission of properly authorised time records and other notifications;
 - 11.4.1.2 the final determination of pay and allowances, save for those determined in accordance with the provisions of SFI 11.1;
 - 11.4.1.3 making payment on agreed dates; and
 - 11.4.1.4 agreeing method of payment.
- 11.4.2 The Director of Workforce, Organisation Development and Communications will issue instructions regarding:
 - 11.4.2.1 verification and documentation of data;
 - 11.4.2.2 the timetable for receipt and preparation of payroll data and the payment of Officers and Directors;
 - 11.4.2.3 maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
 - 11.4.2.4 security and confidentiality of payroll information;

- 11.4.2.5 checks to be applied to completed payroll before and after payment;
 - 11.4.2.6 authority to release payroll data under the provisions of the Data Protection Act 1998;
 - 11.4.2.7 methods of payment available to various categories of Officers and Directors;
 - 11.4.2.8 procedures for payment by cheque, bank credit, or cash to Officers and Directors;
 - 11.4.2.9 procedures for the recall of cheques and bank credits;
 - 11.4.2.10 pay advances and their recovery;
 - 11.4.2.11 maintenance of regular and independent reconciliation of pay control accounts;
 - 11.4.2.12 separation of duties of preparing records and handling cash; and
 - 11.4.2.13 a system to ensure the recovery from those leaving the employment or engagement of the Trust of sums of money and property due by them to the Trust.
- 11.4.3 The Director of Workforce, Organisation Development and Communications will ensure that appropriately Nominated Officers have delegated responsibility for:
- 11.4.3.1 submitting time records, and other notifications in accordance with agreed timetables;
 - 11.4.3.2 completing time records and other notifications in accordance with the Director of Workforce Organisation, Development and Communications' instructions and in the form prescribed by the Director of Workforce, Organisation Development and Communications;
 - 11.4.3.3 submitting termination forms in the prescribed form immediately upon knowing the effective date of an Officer's or Director's resignation, termination or retirement. Where an Officer or Director fails to report for duty or to fulfill obligations in circumstances that suggest they have left without notice, the Director of Workforce, Organisation Development and Communications must be informed immediately and must in turn inform the Finance Director as soon as possible.
- 11.4.4 Regardless of the arrangements for providing the payroll service, the Director of Workforce, Organisation Development and Communications 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.

11.5 Contracts of employment and letters of appointment

11.5.1 The Board of Directors shall delegate responsibility to a Nominated Officer for:

11.5.1.1 ensuring that all Officers and Executive Directors are issued with a contract of employment in a form approved by the Board of Directors and which complies with employment legislation; and

11.5.1.2 dealing with variations to, or termination of, contracts of employment.

11.5.2 The Board of Directors shall delegate responsibility to a Nominated Officer for ensuring that appropriate standard form letters of appointment are issued for Non-Executive Directors, subject always to the provisions of paragraph 34.1 of the Constitution.

12 NON-PAY EXPENDITURE

12.1 Delegation of authority

12.1.1 The Board of Directors will approve the level of non-pay expenditure on an annual basis and the Chief Executive will determine the level of delegation to Budget Holders.

12.1.2 The Chief Executive will set out in the Scheme of Delegation and Board Reserved Powers:

12.1.2.1 the list of Officers who are authorised to place requisitions for the supply of goods and services; and

12.1.2.2 the maximum level of each requisition and the system for authorisation above that level.

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

12.2 Choice, requisitioning, ordering, receipt and payment of goods and services

12.2.1 Requisitioning

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

12.2.2 System of payment and verification

- 12.2.2.1 The Finance Director 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 issued by the Independent Regulator.
- 12.2.2.2 The Chief Executive will:
- 12.2.2.2.1 advise the Board of Directors 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 either these Standing Financial Instructions or the Scheme of Delegation and Board Reserved Powers (as appropriate) and regularly reviewed;
 - 12.2.2.2.2 prepare procedural instructions (where not already provided in the Scheme of Delegation and Board Reserved Powers or procedure notes for Budget Holders) on the obtaining of goods, works and services incorporating the thresholds referred to in SFI 12.2.2.2.1;
 - 12.2.2.2.3 be responsible for the prompt payment of all properly authorised accounts and claims;
 - 12.2.2.2.4 be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
 - (i) a list of Directors and Officers (including specimens of their signatures) authorised to certify invoices;
 - (ii) a process of electronic certification;
 - (iii) certification that:
 - (a) goods have been duly received, examined and are in accordance with specification and the prices are correct;
 - (b) 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;
 - (c) 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;

- (d) where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
- (e) the account is arithmetically correct; and
- (f) the account is in order for payment;
- (iv) a timetable and system for submission to the Finance Director of accounts for payment;
- (v) provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment; and
- (vi) instructions to Officers regarding the handling and payment of accounts within the Trust's Finance Department.

12.2.2.2.5 be responsible for ensuring that payment for goods and services is only made once the goods and services are received, (except as set out at SFI 12.2.3 (prepayments) below); and

12.2.2.2.6 prepare and issue procedures regarding Value Added Tax.

12.2.3 Prepayments

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

12.2.3.1.1 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%);

12.2.3.1.2 the appropriate Executive Director or his/her Nominated Officer must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the Trust if the supplier is at some time during the course of the prepayment agreement unable to meet his/her commitments;

12.2.3.1.3 the Finance Director will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the relevant provisions of these Standing Financial Instructions and the EU public procurement rules where the contract is above a stipulated financial threshold set out in the Public Contracts Regulations 2006, as amended, or any statutory modification, replacement or re-enactments made); and

12.2.3.1.4 the Budget Holder is responsible for ensuring that all items due under a prepayment contract are received and he/she must immediately inform the appropriate Executive Director or the Chief Executive if problems are encountered.

12.2.4 Official orders

12.2.4.1 Official orders should be raised using the Trust purchasing system barring agreed exceptions as 12.2.4.2 (guidance can be obtained from the Trust's Procurement Department), and they will:

12.2.4.1.1 be consecutively numbered;

12.2.4.1.2 be in a form approved by the Finance Director;

12.2.4.1.3 state the Trust's terms and conditions of trade; and

12.2.4.1.4 only available to, and used by, those duly authorised by the Chief Executive.

The spend areas not requiring a purchase order are maintained by the Procurement Department, these are:

- Rents and Rates – typically NHS Property Services and local Councils
- Utilities (water, gas, electricity)
- Telecoms spend with Trust centrally contracted suppliers
- NHSP spend - this is ordered via the NHSP system
- Stationery - stationery is ordered via a portal
- Inter-provider SLAs (contracts with other NHS or Non NHS Trusts or service providers) - these are covered by SLAs but may move to purchase order in the future
- Continence product and supply contract– this is managed via the suppliers' portal
- Car leasing
- Non-emergency patient Transport where initiated by other agencies e.g. police or requested via the commissioners selected supplier
- Legal Services

12.2.5 Duties of Officers

12.2.5.1 Officers must ensure that they comply fully with any guidance issued by the Chief Executive, and that:

12.2.5.1.1 all contracts (other than for a simple purchase permitted within these Standing Financial Instructions, the Scheme of Delegation and Board Reserved Powers or delegated Budget), leases, tenancy agreements and other commitments which may result in a liability are notified to the Finance Director in accordance with SFI 9.22.5 in advance of any commitment being made;

12.2.5.1.2 contracts above thresholds specified in the Public Contracts Regulations 2006 are advertised and awarded in accordance with these Standing Financial Instructions and (where applicable) the EU rules on public procurement;

12.2.5.1.3 where consultancy advice is being obtained, the procurement of such advice must be in accordance with these Standing Financial Instructions, financial procedures and Trust guidance and any relevant guidance issued by the Independent Regulator;

12.2.5.1.4 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 Officers, (refer to the Trust Business Conduct Policy for further guidance) other than:

- (i) isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars; or
- (ii) conventional hospitality, such as lunches in the course of working visits;

12.2.5.1.5 no requisition and/or order is placed for any item or items for which there is no Budget provision unless authorised by the Finance Director on behalf of the Chief Executive;

12.2.5.1.6 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 by corporate card;

12.2.5.1.7 verbal orders must only be issued very exceptionally by an Officer 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";

12.2.5.1.8 orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds set out in these Standing Financial Instructions, the Scheme of Delegation and Board Reserved Powers or (where applicable) the Public Contracts Regulations 2006 (as amended) or any statutory modification, replacement or re-enactments made;

12.2.5.1.9 goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase in breach of these Standing Financial Instructions;

12.2.5.1.10 changes to the list of Directors and Officers authorised to certify invoices are notified to the Finance Director;

12.2.5.1.11 purchases from petty cash or by corporate card are restricted in value and by type of purchase in accordance with instructions issued by the Finance Director; and

12.2.5.1.12 petty cash and corporate card records are maintained in a form as determined by the Finance Director.

12.2.6 **Joint finance arrangements with local authorities and Voluntary Organisations**

12.2.6.1 Payments to local authorities and Voluntary Organisations made under the powers of section 75 of the 2006 Act shall comply with procedures laid down by the Finance Director, which shall be in accordance with the provisions of the 2006 Act and the relevant Local Authority Partnership Agreement.

13 **EXTERNAL BORROWING**

13.1 **Public Dividend Capital**

13.1.1 Subject to any guidance issued by the Independent Regulator and any advice issued by the Finance Director under SFI 13.2.2 below, the Accounting Officer is responsible for ensuring that the Trust pays annually to the Department of Health a dividend on its Public Dividend Capital at a rate to be determined from time-to-time by the Secretary of State in accordance with the 2006 Act and the terms of Authorisation.

13.1.2 The Finance Director will advise the Board of Directors concerning the Trust's ability to pay dividend on, and repay any Public Dividend Capital and any proposed new borrowing. The Finance Director is also responsible for reporting periodically to the Board of Directors concerning the Trust's debts and all loans and overdrafts.

13.2 **Borrowing procedures**

- 13.2.1 The Accounting Officer is responsible for ensuring that any borrowing undertaken by the Trust does not financially destabilize the Trust and therefore consideration must be given to the impact of any borrowing on the Trust's financial health.
- 13.2.2 The Board of Directors will agree a list of Officers (including specimens of their signatures) who are authorised to make borrowings on behalf of the Trust. This must contain the Chief Executive and the Finance Director.
- 13.2.3 The Finance Director must prepare detailed procedural instructions on:
 - 13.2.3.1 applications for loans and overdrafts; and
 - 13.2.3.2 the operations of investment accounts and the records to be maintained.
- 13.2.4 All borrowings should:
 - 13.2.4.1 be kept to the minimum period of time possible;
 - 13.2.4.2 be consistent with the Trust's over cashflow position;
 - 13.2.4.3 represent good value for money;
 - 13.2.4.4 comply with any relevant guidance issued by the Independent Regulator.
- 13.2.5 Any borrowing must be approved by the Board of Directors and on the authority of two Officers under SFI 13.2.2 above, one of which must be the Chief Executive or the Finance Director. The Board of Directors must be made aware of all borrowings at its next ensuing meeting.

13.3 Investments

- 13.3.1 The Trust will comply with any relevant guidance and best practice advice issued by the Independent Regulator regarding the management of cash surpluses and the making of investments.
- 13.3.2 The Finance Director is responsible for advising the Board of Directors on investments and shall report periodically to the Board of Directors concerning the performance of investments held and for ensuring the Trust acts in accordance with the provisions of SFI 13.3.1 above and the procedures referred to in SFI 13.3.3 below.
- 13.3.3 The Finance Director must prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained with respect to these.

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

14.1 Capital investment

- 14.1.1 The Chief Executive:
 - 14.1.1.1 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;
 - 14.1.1.2 is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost; and
 - 14.1.1.3 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.
- 14.1.2 For every capital expenditure proposal the Chief Executive shall ensure:
 - 14.1.2.1 that a business case (in line with the guidance and/or best practice advice issued by the Independent Regulator) is produced setting out:
 - 14.1.2.1.1 an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs; and
 - 14.1.2.1.2 appropriate project management and control arrangements; and
 - 14.1.2.1.3 the involvement of appropriate Trust personnel and third parties; and
 - 14.1.2.2 that the Finance Director has certified the costs and revenue consequences detailed in the business case.
- 14.1.3 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management.
- 14.1.4 The approval of a capital programme shall not constitute approval for expenditure on any scheme.
- 14.1.5 The Chief Executive shall issue to the manager responsible for any approved capital scheme:
 - 14.1.5.1 specific authority to commit expenditure;
 - 14.1.5.2 authority to proceed to tender; and
 - 14.1.5.3 approval to accept a successful tender.
- 14.1.6 The Finance Director shall:

14.1.6.1 issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes. These procedures shall fully take into account:

- i) any guidance or best practice advice issued by the Independent Regulator regarding investment decisions by NHS foundation trusts; and
- ii) the Trust's borrowing ability.

14.1.6.2 ensure the Trust complies with any guidance issued by the Independent Regulator regarding financial reporting in the production of the Trust's Annual Accounts and Annual Reports concerning the accounting treatment of capital investments.

14.2 Private finance

14.2.1 When the Trust proposes to use private finance for capital schemes, the following procedures shall apply:

14.2.1.1 the Finance Director shall demonstrate that the use of private finance represents best value for money and genuinely transfers significant risk to the private sector.

14.2.1.2 the proposal must be specifically agreed by the Board of Directors.

14.3 Asset Registers

14.3.1 The Chief Executive is responsible for the maintenance of registers of assets (including but not limited to an asset register in respect of protected property in accordance with the 2006 Act, the terms of Authorisation and any guidance issued by the Independent Regulator), taking account of any relevant guidance issued by the Independent Regulator concerning the form and content of any register, and the method of updating the registers in question.

14.3.2 Additions to the asset registers must be clearly identified to an appropriate Budget Holder and be validated by reference to:

14.3.2.1 notification of project completion by the relevant project manager who is responsible for ensuring properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;

14.3.2.2 purchase and installation of equipment;

14.3.2.3 stores, requisitions and wages records for own materials and labour including appropriate overheads; and

14.3.2.4 lease agreements in respect of assets held under a finance lease and capitalised.

- 14.3.3 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).
- 14.3.4 The Finance Director shall approve procedures for reconciling balances on fixed asset accounts in ledgers against balances on fixed asset registers.
- 14.3.5 The value of each asset shall be indexed to current values in accordance with methods specified by any relevant guidance issued by the Independent Regulator regarding the financial reporting procedures for NHS foundation trusts.
- 14.3.6 The value of each asset shall be depreciated using methods and rates as specified by any relevant guidance issued by the Independent Regulator regarding the financial reporting procedures for NHS foundation trusts.
- 14.3.7 The Finance Director shall calculate and pay capital charges as specified by any relevant guidance issued by the Independent Regulator regarding the financial reporting procedures for NHS foundation trusts.

14.4 **Security of assets**

- 14.4.1 The overall control of fixed and protected assets is the responsibility of the Chief Executive.
- 14.4.2 Asset control procedures (including fixed assets, protected assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Finance Director. This procedure shall make provision for:
 - 14.4.2.1 recording managerial responsibility for each asset;
 - 14.4.2.2 identification of additions and disposals;
 - 14.4.2.3 identification of all repairs and maintenance expenses;
 - 14.4.2.4 physical security of assets;
 - 14.4.2.5 periodic verification of the existence of, condition of, and title to, assets recorded;
 - 14.4.2.6 identification and reporting of all costs associated with the retention of an asset;
 - 14.4.2.7 reporting, recording and safekeeping of cash, cheques, and negotiable instruments; and
 - 14.4.2.8 the information recorded to include makes, model, serial number and should be security marked where possible (advice is available on current recommended marking equipment from the security team).

- 14.4.3 All discrepancies revealed by verification of physical assets to fixed asset registers shall be notified to the Finance Director.
- 14.4.4 Whilst each Officer has a responsibility for the security of property of the Trust, it is the responsibility of Directors and senior Officers in all disciplines to apply such appropriate routine security practices in relation to Trust property as may be determined by the Board of Directors. Any breach of agreed security practices must be reported in accordance with agreed procedures.
- 14.4.5 Any damage to the Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by Directors and Officers in accordance with the procedure for reporting losses.
- 14.4.6 Where practical, assets should be marked as "Trust Property".

15 STORES AND RECEIPT OF GOODS

15.1 General position

- 15.1.1 Stores, defined in terms of controlled stores and departmental stores (for immediate use) should be:
 - 15.1.1.1 kept to a minimum;
 - 15.1.1.2 subjected to annual stock take, where material;
 - 15.1.1.3 valued at the lower of cost and net realisable value.

15.2 Control of stores, stocktaking, condemnations and disposal

- 15.2.1 Subject to the responsibility of the Finance Director for the systems of control, overall responsibility for the control of stocks and stores shall be delegated to a Nominated Officer by the Chief Executive. The day-to-day responsibility may be delegated by the Nominated Officer to departmental Officers and stores managers and/or keepers, subject to such delegation being entered in a record available to the Finance Director. The control of any pharmaceutical stocks shall be the responsibility of a designated pharmaceutical Officer; the control of any fuel, oil, coal, gas, etc. shall be the responsibility of the designated estates Officer.
- 15.2.2 The responsibility for security arrangements and the custody of keys for all stores and locations shall be clearly defined in writing by the relevant designated Officer. Wherever practicable, stocks should be marked as "Trust Property".
- 15.2.3 The Finance Director shall set out procedures and systems to regulate the stores, including records for receipt of goods, issues, and returns to stores, and losses.
- 15.2.4 Stocktaking arrangements shall be agreed with the Finance Director and there shall be a physical check covering all items in store at least once a year.

- 15.2.5 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Finance Director.
- 15.2.6 The relevant designated Officer shall be responsible for a system approved by the Finance Director for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The relevant designated Officer shall report to the Finance Director any evidence of significant overstocking and of any negligence or malpractice (see also SFI 16). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.
- 15.2.7 For goods supplied via the NHS Supply Chain the Trust will be billed only for goods received, this will be verified by checking of the file provided to the Finance team and the individual budget statements.

16 DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

16.1 Disposals and condemnations

- 16.1.1 The Finance Director must prepare detailed procedures for the disposal of assets in accordance with the Regulatory Framework and guidance issued by the Independent Regulator in respect of protected assets and including condemnations, and ensure that these are notified to Directors and relevant Officers.
- 16.1.2 When it is proposed to dispose of a Trust asset, the head of department or authorised deputy will determine and advise the Finance Director of the estimated market value of the item, taking account of professional advice where appropriate.
- 16.1.3 All unserviceable articles shall be:
 - 16.1.3.1 condemned or otherwise disposed of by an Officer authorised for that purpose by the Finance Director; and
 - 16.1.3.2 recorded by the condemning Officer in a form approved by the Finance Director 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 Officer authorised for the purpose by the Finance Director.
- 16.1.4 The condemning Officer shall satisfy himself/herself as to whether or not there is evidence of negligence in use and shall report any such evidence to the Finance Director who will take the appropriate action.

16.2 Condemnations, loss and special payments

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

- 16.2.2 Any Director 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 Finance Director or inform an Officer charged with responsibility for responding to concerns involving loss. This Officer will then appropriately inform the Finance Director and/or Chief Executive. Where a criminal offence is suspected, the Finance Director 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 Finance Director must inform the relevant Local Counter Fraud Specialist.
- 16.2.3 The Finance Director must notify NHS Protect and the Auditor of all frauds.
- 16.2.4 Subject to SFI 16.2.2 above, for losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Finance Director must immediately notify:
 - 16.2.4.1 the Board of Directors; and
 - 16.2.4.2 the Auditor.
- 16.2.5 The Board of Directors shall approve the writing-off of losses above the level delegated to the Chief Executive and Finance Director contained in the Scheme of Delegation and Board Reserved Powers.
- 16.2.6 The Finance Director shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.
- 16.2.7 For any loss, the Finance Director should consider whether any insurance claim can be made.
- 16.2.8 The Finance Director shall maintain a "Losses and Special Payments Register" in which write-off action is recorded.
- 16.2.9 No special payments shall be made without the prior approval of the Board of Directors and where appropriate, HM Treasury, nor contrary to any guidance or best practice advice issued by the Independent Regulator.

17 INFORMATION TECHNOLOGY

17.1 National requirements for information technology

- 17.1.1 The Chief Executive is responsible for ensuring that the Trust complies with its obligation to participate in any national requirements for information technology in accordance with its Authorisation and any relevant guidance issued by the Independent Regulator.

17.2 Responsibilities and duties of the Finance Director

- 17.2.1 The Finance Director is responsible for the accuracy and security of the Trust's computerised financial data. The Finance Director shall:

- 17.2.1.1 devise and implement any necessary procedures to ensure adequate protection of the Trust's data, programs and computer hardware for which he/she is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998 and any other relevant legislation;
 - 17.2.1.2 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 and effective operation of the system;
 - 17.2.1.3 ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment; and
 - 17.2.1.4 ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as he/she may consider necessary are being carried out.
- 17.2.2 The Finance Director shall satisfy himself/herself 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, the Finance Director must obtain from that organisation assurance of adequacy prior to implementation.
- 17.2.3 The Finance Director will devise procedures which ensure that orders for the acquisition of computer hardware, software and services (other than consumables) are placed in accordance with the Trust's information technology strategy.
- 17.2.4 The Finance Director will ensure that separate control procedures are put in place for computer systems. This procedure will include:
- 17.2.4.1 the acquisition and disposal of information technology, systems and equipment; and
 - 17.2.4.2 the decommissioning of systems containing confidential data in accordance with any relevant guidance issued by the Independent Regulator, or as required under statute.

17.3 **Responsibilities and duties of the Senior Information Risk Owner (SIRO)**

- 17.3.1 The Senior Information Risk Owner has ownership of the organisation's information risk policy and acts as advocate for information risk on the Board of Directors.
- 17.3.2 The Senior Information Risk Owner shall:
 - 17.3.2.1 ensure that NHS Information Governance policy, information risk management method and standards are documented, applied and maintained consistently throughout the

organisation's information governance risk assessment and management framework;

17.3.2.2 develop and implement an Information Governance Information Risk Policy that is appropriate to all departments of the organisation and their uses of information, setting out how compliance will be monitored;

17.3.2.3 ensure that information risk assessment is completed on a quarterly basis taking account of NHS Information Governance guidance; and

17.3.2.4 develop and implement the Trust's information incident management framework.

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

17.4.1 In the case of computer systems which are proposed general applications (i.e. normally those applications which the majority of NHS bodies in the region wish to sponsor jointly) all responsible Directors and Officers will send to the Finance Director:

17.4.1.1 details of the outline design of the system; and

17.4.1.2 in the case of packages acquired either from a commercial organisation, from the NHS, or from another public sector organisation, the operational requirement.

17.5 Contracts for computer services with other Health Service Bodies or outside agencies

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

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

17.6 Risk assessment

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

17.7 Requirements for computer systems which have an impact on the Trust's corporate financial systems

- 17.7.1 Where computer systems have an impact on the Trust's corporate financial systems the Finance Director shall satisfy himself/herself that:
- 17.7.1.1 systems acquisition, development and maintenance are in line with relevant Trust policies;
 - 17.7.1.2 data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists;
 - 17.7.1.3 finance Officers have access to such data; and
 - 17.7.1.4 such computer audit reviews as are considered necessary are being carried out.

18 PATIENTS' PROPERTY

- 18.1 The Trust has a responsibility to provide safe custody for money and other personal property (hereafter referred to as "property") handed in by patients, in the possession of unconscious or confused patients, or found in possession of patients dying in hospital or dead on arrival.
- 18.2 The Chief Executive is responsible for ensuring that patients or their guardians, as appropriate, are informed before or at admission by:
- 18.2.1 notices and information booklets;
 - 18.2.2 hospital admission documentation and property records; and/or
 - 18.2.3 the oral advice of Officers responsible for admissions into Trust premises, that the Trust will not accept responsibility or liability for patients' property brought into Trust premises, unless it is handed in for safe custody and a copy of an official patients' property record is obtained as a receipt.
- 18.3 The Finance Director 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 Officers whose duty it 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 protect the assets of the patient.
- 18.4 Where any guidance issued by the Independent Regulator requires the Trust to open a separate account for patients' monies, these accounts shall be opened and operated under arrangements agreed by the Finance Director.
- 18.5 In all cases where property of a deceased patient is of a total value in excess of £5,000 (or such other amount as may be prescribed by the Administration of Estates (Small Payments) Act 1965 (as amended)), the production of probate or letters of administration shall be required before any of the property is released. Where the total value of property is £5,000 or less, forms of indemnity shall be obtained.

- 18.6 Officers should be informed, on appointment, by the appropriate departmental or senior manager, of their responsibilities and duties for the administration of the property of patients.
- 18.7 Where patients' property or income is received for specific purposes and held for safekeeping the property or income shall be used only for that purpose, unless any variation is approved by the donor or patient in writing.

19 FUNDS HELD ON TRUST

19.1 Corporate trustee

- 19.1.1 The Standing Orders for the Board of Directors outline the Trust's responsibilities as a corporate trustee for the management of funds received in Trust and Funds Held on Trust and define the need for compliance with the Charity Commission latest guidance and best practice.
- 19.1.2 The discharge of the Trust's corporate trustee responsibilities are exercised separately and distinctly from its powers exercised as the Trust, and therefore these powers may not necessarily be discharged in the same manner. Nevertheless, 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.
- 19.1.3 The Finance Director shall ensure that each trust fund which the Trust is responsible for managing is managed appropriately with regard to its purpose and to its requirements.

19.2 Accountability to Charity Commission and the Independent Regulator

- 19.2.1 Accountability for charitable Funds Held on Trust is to the Charity Commission.
- 19.2.2 Accountability for non-charitable Funds Held on Trust is to the Independent Regulator.
- 19.2.3 The Scheme of Delegation and Board Reserved Powers makes clear where decisions regarding the exercise of dispositive discretion are to be taken and by whom. Directors and Officers must take account of the provisions of the Scheme of Delegation and Board Reserved Powers before taking action.

19.3 Applicability of Standing Financial Instructions to Funds Held on Trust

- 19.3.1 So far as it is possible to do so, and subject to Standing Financial Instructions 19.4 to 19.11 below, these Standing Financial Instructions will also apply to the management of Funds Held on Trust.
- 19.3.2 The overriding principle in managing Funds Held on Trust 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.

19.4 Existing donated funds

- 19.4.1 The Finance Director shall arrange for the administration of all existing donated funds. The Finance Director shall also ensure that a governing instrument exists for every donated fund and shall produce detailed codes of procedure covering every aspect of the financial management of donated funds, for the guidance of all Officers. Such guidelines shall identify the restricted nature of certain funds.
- 19.4.2 The Finance Director shall periodically review the funds in existence and shall make recommendations to the Board of Directors, acting on behalf of the Trust as Corporate Trustee, regarding the potential for rationalisation of such funds within guidelines issued by the Charity Commission, the Independent Regulator and under Statute.
- 19.4.3 The Finance Director may recommend an increase in the number of funds where this is consistent with the Trust's policy for ensuring the safe and appropriate management of restricted and designated funds, (e.g. designation for specific wards or departments).

19.5 New donated funds

- 19.5.1 The Finance Director shall arrange for the creation of a new donated fund where funds and/or other assets, received in accordance with the Trust's policies, cannot adequately be managed as part of an existing fund.
- 19.5.2 The Finance Director shall present the governing document to the Board of Directors for each new donated fund. Such a document shall clearly identify, inter alia, the objects of the new donated fund, the capacity of the Trust to delegate powers to manage the fund and the power to assign the residue of the donated fund to another fund contingent upon certain conditions, (e.g. discharge of original objects).

19.6 Sources of new funds

- 19.6.1 In respect of donations, the Finance Director shall provide:
- 19.6.1.1 guidelines to Officers as to how to proceed when offered funds. These are to include:
 - 19.6.1.1.1 the identification of the donor's intentions;
 - 19.6.1.1.2 where possible, the avoidance of new trusts;
 - 19.6.1.1.3 the avoidance of impossible, undesirable or administratively difficult objects;
 - 19.6.1.1.4 sources of immediate further advice; and
 - 19.6.1.1.5 treatment of offers for personal gifts;
 - 19.6.1.2 secure and appropriate receipting arrangements which will indicate that funds have been accepted directly into the Trust's

donated funds and that the donor's intentions have been noted and accepted.

- 19.6.2 In respect of legacies and bequests, the Finance Director shall:
- 19.6.2.1 provide guidelines to Officers covering any approach regarding:
 - 19.6.2.1.1 the wording of wills; and
 - 19.6.2.1.2 the receipt of funds and/or other assets from executors;
 - 19.6.2.2 where necessary, obtain grant of probate, or make application for grant of letters of administration, where the Trust is the beneficiary;
 - 19.6.2.3 be empowered, on behalf of the Trust, to negotiate arrangements regarding the administration of a will with executors and to discharge them from their duty;
 - 19.6.2.4 be directly responsible for the appropriate treatment of all legacies and bequests; and
 - 19.6.2.5 keep a register of all enquiries.
- 19.6.3 In respect of fund-raising, the Finance Director shall:
- 19.6.3.1 deal with all arrangements for fund-raising by and/or on behalf of the Trust and ensure compliance with all relevant statutes and regulations;
 - 19.6.3.2 be empowered to liaise with other organisations and/or persons raising funds for the Trust. The Finance Director shall be the only Officer empowered to give approval for such fund-raising subject to the overriding direction of the Board of Directors;
 - 19.6.3.3 be responsible for alerting the Board of Directors to any irregularities regarding the use of this Trust's name or its registration numbers; and
 - 19.6.3.4 be responsible for the appropriate treatment of all funds received from such sources.

19.7 Investment management

- 19.7.1 The Finance Director shall be responsible for all aspects of the management of the investment of Funds Held on Trust. The issues on which he shall be required to provide advice to the Board of Directors shall include:
- 19.7.1.1 the formulation of investment policy within the powers of the trust under statute and within governing instruments to meet its requirements with regard to income generation and the enhancement of capital value;

- 19.7.1.2 the appointment and agreement of the terms of appointment of advisers, brokers, and, where appropriate, fund managers, written agreements to be signed by the Chief Executive;
- 19.7.1.3 the pooling of investment resources in accordance with a scheme approved by the Charity Commission, where the Funds Held on Trust are charitable;
- 19.7.1.4 the participation by the Trust in common investment funds and the agreement of terms of entry and withdrawal from such funds;
- 19.7.1.5 the use of trust assets;
- 19.7.1.6 the review of the performance of brokers and fund managers; and
- 19.7.1.7 the reporting of investment performance.

19.8 Expenditure management

- 19.8.1 The exercise of expenditure discretion shall be managed by the Finance Director in conjunction with the Board of Directors. In so doing the Finance Director shall be aware of the following:
 - 19.8.1.1 that funds are to be spent rather than preserved, subject to the wishes of the donor and the needs of the Trust;
 - 19.8.1.2 the objects of various funds and the designated objectives;
 - 19.8.1.3 the availability of liquid funds within each donated fund;
 - 19.8.1.4 the powers of delegation available to commit resources;
 - 19.8.1.5 the avoidance of the use of Exchequer funds to discharge donated fund liabilities (except where administratively unavoidable), and to ensure that any indebtedness to the Exchequer shall be discharged by donated funds at the earliest possible time; and
 - 19.8.1.6 the definitions of 'charitable purposes' as agreed by the Charity Commission.
- 19.8.2 Expenditure of any donated Funds Held on Trust shall be conditional upon the item being within the terms of the appropriate fund and the procedures approved by the Trust.

19.9 Banking services

- 19.9.1 The Finance Director shall advise the Board of Directors and, with its approval, shall ensure that appropriate banking services are available to the Trust as corporate trustee. These bank accounts should permit the separate identification of liquid funds to each trust where this is deemed necessary by either the Independent Regulator or the Charity Commission.

19.10 Asset management

- 19.10.1 Assets in the ownership of or used by the Trust as corporate trustee, shall be maintained along with the general estate and inventory of assets of the Trust. The Finance Director shall ensure that:
- 19.10.1.1 appropriate records of all assets owned by the Trust as corporate trustee are maintained, and that all assets, at agreed valuations, are brought to account;
 - 19.10.1.2 appropriate measures are taken to protect and/or to replace such assets. These to include decisions regarding insurance, inventory control, and the reporting of losses;
 - 19.10.1.3 donated assets received on trust shall be accounted for appropriately; and
 - 19.10.1.4 all assets acquired from donated funds which are intended to be retained within the donated funds are appropriately accounted for.

19.11 Reporting and accounting, and Audit

- 19.11.1 The Finance Director shall ensure that regular reports are made to the Board of Directors (or to a committee of the Board of Directors) with regard to, inter alia, the receipt of funds to be held on trust, investments of these funds, and the disposition of resources.
- 19.11.2 The Finance Director shall prepare annual accounts in the required manner which shall be submitted to the Board of Directors within agreed timescales.
- 19.11.3 The Finance Director shall prepare an annual trustees' report (separate reports for charitable and non-charitable trusts) and the required returns to the Independent Regulator and to the Charity Commission for adoption by the Board of Directors as required.
- 19.11.4 The Finance Director shall maintain all financial records to enable the production of reports as above and to the satisfaction of internal and external audit.
- 19.11.5 The Finance Director shall ensure that the records, accounts and returns receive adequate scrutiny by Internal Audit during the year. He/she will liaise with external Auditors and provide them with all necessary information.
- 19.11.6 The Board of Directors shall be advised by the Finance Director on the outcome of the annual audit.

20 ACCEPTANCE OF GIFTS BY STAFF AND LINK TO STANDARDS OF BUSINESS CONDUCT

- 20.1 The Company Secretary shall ensure that all staff are made aware of the Trust's policy on acceptance of gifts and other benefits in kind by staff and as described within the Trust's 'Business Conduct for Staff' policy.
- 20.2 Gifts and hospitality provided by outside organisations such as lunches, dinner or gifts as a result of a person's position within the Trust should be declared in the Gifts and Hospitality Register held by the Company Secretary. For the avoidance of doubt, light refreshments such as teas, sandwiches, biscuits etc. offered during the course of a visitor meeting need not be declared.

21 RECORDS MANAGEMENT

- 21.1 The Chief Executive shall be responsible for the management of all NHS records by the Trust, regardless of the media on which they are held.
- 21.2 The Chief Executive shall ensure that the Trust adopts information governance arrangements which comply with the principles and guidelines contained in the Department of Health's "Records Management: NHS Code of Practice (May 2016) as may be varied from time-to-time (the "Records Management Code").
- 21.3 The records held in archives shall be capable of retrieval by authorised persons in accordance with the provisions of the Records Management Code.
- 21.4 Records held by the Trust under the Records Management Code shall only be destroyed at the express instigation of the Chief Executive. The Chief Executive shall ensure that records are maintained of documents so destroyed.
- 21.5 Further details on obligations with regards to records management is contained within the Trust's 'Information Lifecycle Policy (Records Management)' policy.

22 FREEDOM OF INFORMATION AND INFORMATION DATA REQUESTS

- 22.1 The Finance Director shall publish and maintain a "freedom of information 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 that the Trust makes publicly available.
- 22.2 The Finance Director be responsible for ensuring that the Trust complies with the guidance issued by the Independent Regulator regarding the collection, synthesis and processing of information as set out in "Information Data Requests: Guidance for NHS Foundation Trusts and Sponsors", as varied from time-to-time.
- 22.3 The Trust must comply with the provisions of the Data Protection Act 1998
- 22.3.1 Under the Data Protection Act the Trust must:
- only collect information required for a specific purpose
 - keep it secure

- ensure it is relevant and up-to-date
- only hold information that is required and only for as long as required
- allow the subject of the information to see it on request.

23 RISK MANAGEMENT

- 23.1 The Chief Executive shall ensure that the Trust has a programme of risk management, in accordance with any relevant guidance as issued by the Independent Regulator which must be approved and monitored by the Board of Directors.
- 23.2 The programme of risk management, as encapsulated within the Board Assurance Framework (BAF) processes, shall include:
- 23.2.1 a process for identifying and quantifying risks and potential liabilities;
 - 23.2.2 engendering among all Trust staff a positive attitude towards the control of risk;
 - 23.2.3 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;
 - 23.2.4 contingency plans to offset the impact of adverse events;
 - 23.2.5 audit arrangements, including:
 - 23.2.5.1 Internal Audit;
 - 23.2.5.2 clinical audit; and
 - 23.2.5.3 health and safety review;
 - 23.2.6 decisions on which risks shall be insured; and
 - 23.2.7 arrangements to review the Trust's risk management programme.
- 23.3 The Chief Executive will be responsible for ensuring that the existence, integration and evaluation of the elements set out in Standing Financial Instructions 23.2.1 to 23.2.7 above will assist the Trust in providing the basis on which to make a statement on the effectiveness of internal control as required by the Independent Regulator from time-to-time.

24 INSURANCE

24.1 Risk pooling schemes administered by the NHS Litigation Authority

- 24.1.1 The Board of Directors shall decide if the Trust will insure through the risk pooling schemes administered by the NHS Litigation Authority under Section 71 (Schemes for meeting losses and liabilities, etc. of certain health service bodies) of the 2006 Act (the "Schemes") for some or all of

the risks covered by the Schemes. If the Board of Directors decides not to use the Schemes for any of the risk areas covered by the Scheme, this decision shall be reviewed annually.

- 24.1.2 Where the Board of Directors decides not to use the Schemes for one or other of the risks covered by the Schemes, the Finance Director shall ensure that the Board of Directors is informed of the nature and extent of the risks that are to be insured under alternative arrangements (if any) as a result of this decision. The Finance Director will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses that will not be reimbursed.
- 24.1.3 Where the Board of Directors decides to use the Schemes for one or other of the risks covered by the Schemes, the Finance Director shall ensure that the arrangements entered into are appropriate and complementary to the Trust's risk management programme. The Finance Director shall ensure that documented procedures cover these arrangements.
- 24.1.4 All the Schemes require members to make some contribution to the settlement of claims (the "deductible"). The Finance Director should ensure documented procedures are in place to cover the management of claims and payments below the deductible in each case.

24.2 Insurance arrangements with commercial insurers and self-insurance

- 24.2.1 The Trust may enter into insurance arrangements with commercial insurers on the open market for one or other of the risks covered by the Schemes, or for any risks not covered by the Schemes.
- 24.2.2 The Trust may self-insure either on an individual basis or as part of a risk-pooling scheme with other organisations for one or other of the risks covered by the Schemes, or for any risks not covered by the Schemes.
- 24.2.3 Where the Board of Directors decides to enter into insurance arrangements under SFI 24.2.1 or SFI 24.2.2 above, the Finance Director shall ensure that the arrangements entered into are appropriate and complementary to the Trust's risk management programme. The Finance Director, through the Trust's Head of Risk Management, shall ensure that documented procedures cover these arrangements.

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