

STANDING FINANCIAL INSTRUCTIONS

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Standing Financial Instructions

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1. INTRODUCTION

1.1. General

- 1.1.1. The Standing Financial Instructions (SFI) have effect as if incorporated in the Standing Orders (SO) of the Trust.
- 1.1.2. The SFIs detail the financial responsibilities, policies and procedures to be adopted by the Trust. They are designed to ensure that financial transactions are carried out in accordance with the law and government policy in order to exercise full corporate governance. They should be used in conjunction with the Scheme of Delegation (SD) adopted by the Trust.
- 1.1.3. Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of the Executive Director of Finance and Corporate Services (DoF) must be sought before any actions are taken.
- 1.1.4. Failure to comply with SFIs and SOs is a disciplinary matter. If considered gross misconduct it could result in dismissal. It is every member of staff's responsibility to ensure they have read and comply with this document. Budget holders will be required to sign off that they have read them. They are on the Trust Intranet.

1.2. Terminology

- 1.2.1. Any expression to which a meaning is given in relevant Acts of Parliament or in the Regulations or Orders made under those Acts shall have the same meaning in this document.
- 1.2.2. Terms defined in section 2 of the SOs apply equally to the SFIs. Additional terms are set out below.
 - 1.2.2.1. "Business Plan" (Plan) means the plan prepared by the Trust which outlines the Trust's financial, operational and clinical plans and budgets for a financial year. Plans are submitted to NHS Improvement (NHSI).
 - 1.2.2.2. "Audit Committee" (AuC) is the committee as defined in the Constitution and SFIs.
 - 1.2.2.3. "Budget" means a resource, expressed in financial terms, approved by the Board of Directors (Board) for the purpose of carrying out, for a specific period, any or all of the functions of the Trust under delegated authority to Budget Holders.
 - 1.2.2.4. "Budget Holder" (BH) means the director or employee with delegated authority to manage finances (income, expenditure and/or assets) for a specific area of the organisation.

- 1.2.2.5. “Finance and Investment Committee” (FIC) means the committee of the Board set up to provide scrutiny of the operational and financial performance of the Trust and to provide scrutiny of financial investments or commercial contracts entered into by the Trust.
- 1.2.2.6. “Legal Adviser” means the properly qualified person appointed by the Trust to provide legal advice.
- 1.2.2.7. “Local Counter Fraud Specialist” (LCFS) means the contractor or person responsible to the DoF and AuC for the Trust’s anti-fraud and bribery activities.
- 1.2.3. Wherever the term ‘employee’ is used, it shall be deemed to include employees of third parties contracted to the Trust when acting on behalf of the Trust.
- 1.2.4. Unless stated otherwise these SFIs apply equally to funds held in trust (charitable funds).

1.3. Responsibilities and Delegation

- 1.3.1. The Board exercises financial supervision and control by:
- 1.3.1.1. formulating the financial strategy;
 - 1.3.1.2. requiring the submission of, and approving, budgets;
 - 1.3.1.3. defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money); and
 - 1.3.1.4. defining specific responsibilities and accountability placed on directors and employees as indicated in the SD.
- 1.3.2. The Board has resolved that certain powers and decisions may only be exercised by the Board in formal sessions. These are set out in the SD.
- 1.3.3. The Board will delegate responsibility for the performance of its functions in accordance with the SD adopted by the Trust.
- 1.3.4. Within the SFIs, it is acknowledged that the Chief Executive (CE) is ultimately accountable to the Board and, as the Trust’s accountable officer, to NHS Improvement, for ensuring that the Trust meets its obligation to perform its functions within the available financial resources. The CE has overall executive responsibility for the Trust’s activities and is accountable

to the Board for ensuring that its financial obligations and targets are met and has overall responsibility for the Trust's system of internal control.

- 1.3.5. Whilst the CE and DoF will, as far as possible, delegate their detailed responsibilities, they remain accountable for financial control.
- 1.3.6. It is a duty of the CE to ensure that existing directors and employees and all new appointees are notified of, and understand, their responsibilities within these SFIs.
- 1.3.7. The DoF is responsible for:
 - 1.3.7.1. implementing the Trust's financial policies and for co-ordinating any corrective action necessary to further these policies;
 - 1.3.7.2. maintaining an effective system of internal financial control including ensuring that detailed financial procedures, processes and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions; and
 - 1.3.7.3. ensuring 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.
- 1.3.8. Without prejudice to any other functions of directors and employees to the Trust, the duties of the DoF include:
 - 1.3.8.1. the provision of financial advice to the Trust, its directors and employees;
 - 1.3.8.2. the design, implementation and supervision of systems of financial control; and
 - 1.3.8.3. the preparation and maintenance of such accounts, certificates, estimates, records and reports as the Trust may require for the purpose of carrying out its statutory duties.
- 1.3.9. All directors and employees, severally and collectively, are responsible for:
 - 1.3.9.1. the security of Trust property;
 - 1.3.9.2. avoiding loss;
 - 1.3.9.3. exercising economy and efficiency in the use of resources; and
 - 1.3.9.4. conforming to the requirements of SOs, SFIs and the SD.

- 1.3.10. For any and all directors and employees who carry out a financial function, the form in which financial records are kept and the manner in which directors and employees discharge their duties must be to the satisfaction of the DoF.

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2. AUDIT

2.1. Audit Committee (AuC)

2.1.1. In accordance with the Constitution, the Board shall formally establish an AuC. The purpose of the committee is to provide an overview of internal controls and of significant financial risks facing the Trust. In meeting these objectives the committee shall:

2.1.1.1. oversee internal and external audit services;

2.1.1.2. review significant risk areas and financial systems;

2.1.1.3. monitor compliance with SOs and SFIs; and

2.1.1.4. review losses, write-offs and significant financial judgements.

2.1.2. Where the AuC feel there is evidence of ultra vires transactions or evidence of improper acts, or if there are other important matters that the AuC wish to raise, the chairman of the AuC should raise the matter at a full meeting of the Board. Exceptionally, the matter may need to be referred to NHSI.

2.1.3. It is the responsibility of the DoF to ensure an adequate internal audit service is provided and the AuC shall be involved in the selection process when an internal audit service provider is changed.

2.2. Executive Director of Finance and Corporate Services (DoF)

2.2.1. The DoF is responsible for:

2.2.1.1. ensuring that there are arrangements in place to review, evaluate and report on the effectiveness of internal financial controls by the establishment of an internal audit function;

2.2.1.2. ensuring that internal audit is adequately resourced and managed and meets the NHS mandatory audit standards;

2.2.1.3. deciding at what stage to involve the police in cases of misappropriation and other irregularities; and

2.2.1.4. ensuring that an annual audit report is prepared for the consideration of the AuC and the Board, which must include:

2.2.1.4.1. a clear statement on the effectiveness of internal control;

2.2.1.4.2. major internal financial control weaknesses identified;

- 2.2.1.4.3. progress on the implementation of internal audit recommendations;
- 2.2.1.4.4. progress achieved against the internal audit plan over the previous year;
- 2.2.1.4.5. a strategic internal audit plan covering the coming three years; and
- 2.2.1.4.6. a detailed internal audit plan for the coming year.
- 2.2.2. The DoF, designated auditors and LCFS are entitled, without necessarily giving prior notice, to require and receive:
 - 2.2.2.1. access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
 - 2.2.2.2. access at all reasonable times to any land, premises or employee of the Trust;
 - 2.2.2.3. the production of any cash, stores or other property of the Trust under an employee's control; or
 - 2.2.2.4. explanations concerning any matter under investigation.

2.3. Role of Internal Audit

- 2.3.1. Internal Audit will review:
 - 2.3.1.1. the extent of compliance with, and the financial effect of, relevant established policies, plans and procedures;
 - 2.3.1.2. the adequacy and application of financial and other related management controls;
 - 2.3.1.3. the suitability of financial and other related management data;
 - 2.3.1.4. the extent to which the Trust's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
 - 2.3.1.4.1. fraud, bribery and other offences;
 - 2.3.1.4.2. waste, extravagance and inefficient administration;
 - 2.3.1.4.3. poor value for money;
 - 2.3.1.4.4. report upon the adequacy of follow-up action on audit reports; and

- 2.3.1.4.5. carry out investigative/project work as agreed with and under such Terms of Reference as may be laid down by the DoF.
- 2.3.2. Internal Audit shall independently assess processes in place to ensure that the Trust's assurance frameworks are in accordance with current guidance from the CQC, NHSI and other regulatory bodies or requirements.
- 2.3.3. The head of Internal Audit (HoIA) will prepare an annual work plan which takes a risk-based approach to controls and value for money audits. This plan will be reviewed by the DoF and approved by the AuC.
- 2.3.4. The HoIA is required to provide an opinion to the external auditors annually, which forms a part of the Annual Report for the Trust.
- 2.3.5. 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, Internal Audit shall notify the DoF immediately.
- 2.3.6. The HoIA has a right of access to all AuC members, the Chair and the CE of the Trust.
- 2.3.7. The HoIA shall be accountable to the DoF. The reporting system for internal audit shall be agreed between the DoF, the AuC and the HoIA. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit Manual.

2.4. External Audit

- 2.4.1. The Trust's external auditor is appointed by the Council of Governors (CoG).
 - 2.4.1.1. The AuC must ensure that the external auditor appointed by the CoG meets the criteria required by NHSI within the Audit Code for NHS Foundation Trusts, at the date of appointment and on an on-going basis throughout the term of their appointment. External audit has a responsibility (in compliance with the requirements of NHSI) to provide:
 - 2.4.1.2. an audit opinion on the Annual Report and Accounts in accordance with current guidance;
 - 2.4.1.3. an audit opinion on the Quality Account in accordance with current guidance;
 - 2.4.1.4. a Value for Money opinion in accordance with current guidance;
 - 2.4.1.5. an audit opinion on the accounts of Charitable Funds held in trust; and

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2.4.1.6. such other opinions as may be required from time to time.

2.5. Fraud, Bribery and Corruption

2.5.1. The Trust's CE and DoF shall monitor and ensure compliance with Health Service directions on fraud, bribery and corruption. The AuC will provide oversight on behalf of the Board.

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

2.5.2.1. The contact details for the LCFS should be held with the AuC records and should be published on the Trust intranet so that it is easily available to all staff.

2.5.3. The LCFS will provide a written report to the AuC, at least annually, on counter fraud work within the Trust.

2.5.4. The LCFS shall report to the DoF and shall liaise with staff in the NHS Counter Fraud Authority (CFA).

2.5.5. The Trust shall have policies covering fraud, corruption and bribery, which are available to all staff. It is the responsibility of the DoF to ensure that the Trust maintains these policies. It is also the responsibility of the DoF to ensure that reasonable effort is taken to mitigate the risk of fraud, bribery and corruption through effective internal control and education and to ensure that allegations of fraud, corruption or bribery are investigated properly and sensitively.

2.5.6. It is the duty of all employees to meet the minimum legal standards of conduct with respect to fraud, corruption and bribery as well as to comply with Trust policies in these areas. Failure to do so can result in disciplinary action and criminal prosecution.

2.5.7. The legal framework relating to bribery is provided by the Bribery Act 2010, which makes it an offence to give or receive a bribe. A bribe is an inducement for an action, which is illegal unethical or a breach of trust. Inducements can take the form of gifts loans, fees rewards or other privileges.

2.5.8. The legal framework relating to fraud is provided by the Fraud Act 2006. This identifies a number of ways of committing a fraud. Further details can be found in the Trust's Anti-Fraud and Bribery Policy or via the following link to the legislation: <https://www.legislation.gov.uk/ukpga/2006/35/contents>

- 2.5.9. It is the responsibility of all staff to avoid committing acts which could be fraudulent or corrupt and to report potential fraud or bribery to the DoF or to the LCFS.

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3. BUSINESS PLANNING, BUDGETS, BUDGETARY CONTROL AND MONITORING

3.1. The Business Plan (Plan) and the annual planning cycle

3.1.1. The Trust will complete an annual planning exercise.

3.1.2. The Plan will set out the detailed spending plans by Directorate, including capital expenditure and investments for a minimum of one year.

3.1.3. The Plan will require Board approval.

3.1.4. Normally it is expected that this requirement will form a part of the annual planning and strategy refresh required by NHSI.

3.2. Detailed Plan development

3.2.1. The CE is responsible for submission of the Plan to the Board.

3.2.2. The Executive Director of Strategy & Business Development (DSBD), who is also the Senior Information Risk Owner (SIRO)) is responsible for establishing the planned levels of income from the commissioned and contracted services taking account of activity changes, pricing or service changes. The planned activity should ideally be aligned with the commissioners' expectations. Where this is not possible the implications of this should be clearly laid out.

3.2.3. The Executive Director of Operations (DoO) is responsible for developing a detailed operational plan including staff and other resource requirements for all service lines in line with the activity assumptions agreed with the DSBD.

3.2.4. The Executive Director of Human Resources (HRD) is responsible for ensuring that there is a workforce plan, which reflects the anticipated activity, the unit hour plan and other proposed investments.

3.2.5. The DoF is responsible for ensuring that a detailed Plan is produced covering all expenditures in each directorate of the Trust. This detailed Plan must be consistent with the planned income levels, unit hour plan and workforce plan. This Plan must also deliver the overall financial objectives of the Trust.

3.2.6. The Plan must reflect the necessary level of cost improvements to ensure that the Trust can continue to meet its strategic and operational objectives.

3.2.7. The DoF is responsible for managing the overall Cost Improvement Programme (CIP) and ensuring that the program measures and delivers genuine year over year increases in productivity.

3.2.8. Each CIP will have a responsible Executive Director (ED) who must ensure that the CIP has a credible action plan and an effective set of measurements and/or metrics.

3.3. Board Approval

3.3.1. The DoF will be responsible for presenting the Plan to the Board. This presentation must, at a minimum, cover:

3.3.1.1. the significant assumptions on which the plan is based;

3.3.1.2. the planned income showing changes in services, activity or price;

3.3.1.3. the planned expenditure showing significant investments, cost changes, salary increases and cost pressures;

3.3.1.4. the planned expenditure broken down by directorate and showing the extent of uncommitted expenditure ('reserves');

3.3.1.5. capital expenditure plans;

3.3.1.6. CIP plans which must be backed by credible actions and meaningful metrics;

3.3.1.7. a projected balance sheet; and

3.3.1.8. a projected cash flow.

3.3.2. The CE will prepare a summary of the principal goals and objectives of the Trust including the key areas for operational delivery, investment, clinical innovation, people development strategic developments and financial performance.

3.3.3. The Board will be asked to approve the Plan.

3.3.4. Once approved, the DoF can confirm budgetary allocations for each directorate with the responsible director in line with the Plan.

3.3.5. Subject to 3.3.6 below, the approval of the Plan by the Board will allow each directorate's responsible ED the authority to execute the current year planned expenditure provided that the directorate remains within its overall financial envelope and that the expenditure is in line with the goals and objectives outlined by the CE.

- 3.3.6. Any proposed increase in budget baselines, other than those arising from nationally funded cost pressures (e.g. national pay awards) are subject to approval in accordance with the Trust's published Business Case Process (FP3).
- 3.3.7. Subject to requirements of the Virement Process an ED may reassign resources within their directorate provided this remains within the total approved spend from the Plan. Assurance is required that the overall goals and objectives of the Trust will be met and that the overall expenditure will remain within the agreed limits.
- 3.3.8. An ED is accountable to the Board for the financial and operational performance laid out in the Plan.

3.4. Annual Plan submission to NHSI

- 3.4.1. The Plan approved by the Board will form the basis of the Plan submission to NHSI.
- 3.4.2. The DoF is responsible for ensuring that the figures submitted to NHSI agree with the Plan approved by the Board.
- 3.4.3. Individual EDs are responsible for ensuring that the commentary in the Plan submission is correct and consistent with the Plan goals and with their plans.
- 3.4.4. The Board will review and approve the final submission to NHSI.

3.5. Budgetary Control and Reporting

- 3.5.1. The DoF will deliver monthly financial reports to the Board containing:
 - 3.5.1.1. income and expenditure to date, showing trends and forecast year-end position;
 - 3.5.1.2. explanations of any material variances from plan; and
 - 3.5.1.3. details of any corrective action where necessary and the CE's and/or DOF's view as to whether such actions are sufficient to correct the situation.
- 3.5.2. The DoF will deliver monthly financial reports to the FIC containing:
 - 3.5.2.1. a detailed analysis of the current financial position including such commentary as is needed to understand that position;
 - 3.5.2.2. cash position versus plan;

- 3.5.2.3. capital spend and projected outturn against plan; and
- 3.5.2.4. CIP versus plan.
- 3.5.3. The DoF will be responsible for the provision of timely, accurate and clear financial reports to each BH, covering the areas for which they are responsible.
- 3.5.4. The CE is responsible for delegating responsibility to each BH within the overall Plan approved by the Board.
- 3.5.5. Each BH is responsible for ensuring that they achieve their delegated service objectives within their approved budget. This will include ensuring that:
 - 3.5.5.1. any likely overspending or reduction of income is not incurred without prior approval in accordance with the Business Case Process or Virement Process to gain additional budgetary resources; and
 - 3.5.5.2. the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised.
 - 3.5.5.3. no permanent employees are appointed without the approval of the DoF other than those provided for in the budgeted establishment as approved by the Board or supplemented through the Business Case Process.
- 3.5.6. The Executive Medical Director (MD) is responsible for ensuring that all CIP schemes and Business Cases are assessed for their impact on quality of care via completion and authorisation of a Quality Impact Assessment (QIA) document.
- 3.5.7. The Equality Assessment Checkpoint (Information Working Group (IWG) representative) for each relevant directorate is responsible for ensuring that all CIP schemes and Business Cases are assessed for Equality Impact, as evidenced via an Equality Assessment Report (EAR).
- 3.5.8. The DSBD is responsible for ensuring that Income Generation activities are delivered in line with the Plan.
- 3.5.9. The DoF is responsible for ensuring that all items in the CIP are delivered in line with the Plan.

3.6. Capital Expenditure and Financing

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

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3.6.2. The DoF is responsible for ensuring that the Trust has adequate and appropriate financing for capital and other expenditure. Where funding does not exist, the DoF is responsible for informing the Trust and adjusting capital expenditure plans accordingly.

3.7. Monitoring Returns

3.7.1. The DoF is responsible for ensuring that the appropriate financial monitoring forms are submitted to the relevant monitoring organisations. The CE is responsible for ensuring that the appropriate governance returns are submitted to the relevant monitoring organisation.

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4. ANNUAL ACCOUNTS AND REPORTS

4.1. Financial Returns

4.1.1. The DoF will:

4.1.1.1. prepare and submit financial returns in accordance with the accounting policies and guidance given by the Department of Health, the Treasury, NHSI, the Trust's accounting policies, and generally accepted accounting practice; and

4.1.1.2. prepare and submit financial reports to NHSI in accordance with current guidelines.

4.2. Annual Report

4.2.1. The CE on behalf of the Trust will publish an Annual Report, in accordance with guidelines on local accountability, and present it at the Annual Members' Meeting.

4.2.2. The document will comply with NHSI's Financial Reporting Manual.

4.2.3. The Annual Report will follow the relevant regulatory requirements and will include the following elements:

4.2.3.1. Strategic Report;

4.2.3.2. Directors' Report;

4.2.3.3. Remuneration Report

4.2.3.4. Quality Account;

4.2.3.5. Annual Governance Statement; and

4.2.3.6. External Audit Opinion.

5. TREASURY MANAGEMENT AND BANK ACCOUNTS

5.1. General

- 5.1.1. The Trust will follow the principles set out in the NHS Monitor document “Managing Operating Cash in NHS Foundation Trusts”.
- 5.1.2. The DoF is responsible for managing the Trust’s Treasury Management arrangements and for advising the Trust on the provision of banking services and operation of accounts.
- 5.1.3. The Trust shall have in place a Treasury Management Process for the management of cash, liquidity and investment requirements. Restrictions on the investment of surplus funds are outlined in section 10.2
- 5.1.4. The banking regulations apply to both commercial bank accounts and to Government Banking Service accounts.
- 5.1.5. The FIC will review the Treasury Management arrangements of the Trust at regular intervals to ensure they reflect best practice and represent best value for money by periodically seeking competitive tenders for the Trust’s banking business.

5.2. Bank

- 5.2.1. The DoF is responsible for:
 - 5.2.1.1. proper management of all Trust bank accounts;
 - 5.2.1.2. reporting to the FIC all arrangements made with the Trust’s bankers for accounts to be overdrawn;
 - 5.2.1.3. ensuring that payments made from bank accounts do not exceed the amount credited to the account, except where appropriate overdraft arrangements have been made; and
 - 5.2.1.4. establishing separate bank accounts for the Trust’s non-exchequer funds.

5.3. Banking Procedures

- 5.3.1. The DoF will prepare detailed instructions on the operation of bank accounts which must include:
 - 5.3.1.1. those authorised to sign cheques or other orders drawn on the Trust’s accounts;

- 5.3.1.2. the limit to be applied to any overdraft (in the event that this should be required); and
- 5.3.1.3. the conditions under which each bank account is to be operated (other than the conditions imposed by the Government Banking Service and the Treasury).

5.4. Investment of Surplus Funds

- 5.4.1 Arrangement for, and restrictions on, the investment of surplus funds are detailed in section 10.2.

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6. CASH RECEIPTS AND PAYMENTS

6.1. Income Systems

- 6.1.1. The DoF is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, and collection and coding of all monies due.
- 6.1.2. The DoF is responsible for the prompt banking of all monies received.

6.2. Fees and Charges

- 6.2.1. The DoF is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health or by statute.
- 6.2.2. All employees must inform the DoF promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.

6.3. Debt Recovery

- 6.3.1. The DoF is responsible for initiating and managing appropriate recovery action on all outstanding debts.
- 6.3.2. Overpayments should be detected (or preferably prevented) and recovery initiated.
- 6.3.3. Income not received should be dealt with in accordance with losses and compensations procedures.

6.4. Security of Cash, Cheques and Other Negotiable Instruments

- 6.4.1. The DoF shall be responsible for:
 - 6.4.1.1. ensuring there are effective systems and appropriate controls over electronic payment methods including CHAPs and BACs;
 - 6.4.1.2. approving all methods for recording monies received or receivable;
 - 6.4.1.3. the provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, and the procedures for keys;
 - 6.4.1.4. prescribing systems and procedures for handling cash, cheques, credit cards, purchasing cards, and other alternatives to cash on behalf of the Trust; and

6.4.1.5. ensuring there are effective systems and procedures for handling electronic banking transactions.

6.4.2. The Trust's liquid funds shall not, under any circumstances, be used for the encashment of private cheques.

6.4.3. The holders of safe keys shall not accept unofficial funds for depositing in their safes.

6.5. Duty to comply with procedures to inform the DoF of monies

6.5.1. All employees have a duty to:

6.5.1.1. Ensure that they are authorised under these SFIs to initiate or deal with transactions which result in payment before committing to those transactions; and

6.5.1.2. To ensure that the DoF is made aware of monies due by complying with these SFIs and with other financial procedures.

7. CONTRACTS FOR PROVISION OF SERVICES

7.1. Commissioning

7.1.1. The DSBD is responsible for commissioning NHS service agreements for the provision of services to patients. Prior to any binding commitment, the DSBD should report to the Board. The report will need to address the following:

7.1.1.1. costing and pricing of services;

7.1.1.2. activity assumptions;

7.1.1.3. the expected income for the Trust;

7.1.1.4. actions which will be needed to deliver on CQUIN or other conditional income, including the expected cost and the risk to delivery;

7.1.1.5. payment terms and conditions; and

7.1.1.6. amendments to NHS contracts terms and conditions.

7.1.2. The Board must agree any new contract for services, with delegation to the FIC documented in the SD.

7.1.3. The DSBD is responsible to making the Board aware of any Commissioner Requested Services as identified by the NHS Provider Licence.

7.1.4. The DSBD is responsible for ensuring that the contracting arrangements for multiple CCGs are properly defined.

7.2. Other contracts for the provision of services

7.2.1. The DSBD is responsible for other sales or service provision contracts.

7.2.2. Prior to any binding agreement, the DSBD should report to the Board with a report as outlined in section 7.1.

7.2.3. Prior to any negotiations the DSBD should seek direction from the Board as to the desirability of entering any contracts, and any conditions that the Board will expect to see reflected in a final agreement.

8. REMUNERATION AND TERMS OF SERVICE

8.1. Remuneration and Terms of Service for the Chairman and Non-Executive Directors (NED)

8.1.1. In accordance with the Constitution the Trust shall establish a Nominations Committee.

8.1.2. The committee will recommend appropriate remuneration and terms of service for the Chair and NEDs for approval by the CoG.

8.2. Remuneration and Terms of Service for Chief Executive, Executive Directors and other designated senior staff

8.2.1. In accordance with SOs, the Board shall establish an Appointments and Remuneration Committee (ARC), whose terms of reference shall specify which posts fall within its area of responsibility, its composition, and the arrangements for reporting.

8.2.2. ARC is responsible for the appointment and removal of the CE and EDs of the Trust.

8.2.3. ARC is responsible for deciding and reporting to the board about appropriate remuneration and terms of service for the CE and EDs and any senior employee above band 8 who is not covered by Agenda for Change (AfC) Terms and Conditions, having proper regard to the Trust's circumstances and performance and to the provisions of any national arrangements where appropriate.

8.2.4. ARC also decides and reports to the Board for all employees on any bonus or incentive scheme proposed by the Executive and any non-contractual payments either in employment or on termination that have to be reported to NHSI.

8.3. Terms and Conditions for all staff

8.3.1. Changes to standard terms and conditions should be approved by the Board.

8.4. Funded Establishment

8.4.1. The manpower plans incorporated within the annual budget will form the funded establishment.

8.4.2. The funded establishment of any department may not be increased, unless funding is available in current budgets or approved through the Business Case Process or through the Virement Process.

8.5. Staff Appointments

- 8.5.1. No director or employee may engage employees, either of a permanent or temporary nature, or hire agency staff, without approval through the Staff Requisition Process, which requires confirmation of available budgetary funding from the Finance Department. Funding may be available within the baseline budget, from an approved virement or an approved business case or business brief.
- 8.5.2. No director or employee may re-grade existing employees or alter any aspect of remuneration of an existing employee without approval through the Staff Requisition Process, which requires confirmation of available budgetary funding from the Finance Department. Funding may be available within the baseline budget, from an approved virement or an approved business case or business brief.

8.6. Processing of Payroll

- 8.6.1. The HRD is responsible for:
 - 8.6.1.1. specifying timetables for submission of properly authorised time records and other notifications;
 - 8.6.1.2. the final determination of pay;
 - 8.6.1.3. making payment on agreed dates; and
 - 8.6.1.4. agreeing method of payment.
 - 8.6.2. The HRD will issue instructions regarding:
 - 8.6.2.1. verification and documentation of data;
 - 8.6.2.2. the timetable for receipt and preparation of payroll data and the payment of employees;
 - 8.6.2.3. security and confidentiality of payroll information;
 - 8.6.2.4. checks to be applied to completed payroll before and after payment;
 - 8.6.2.5. authority to release payroll data under the provisions of the General Data Protection Regulation / Data Protection Act 2018;
 - 8.6.2.6. methods of payment available to various categories of employee;
- Standing Financial Instructions

- 8.6.2.7. procedures for payment by cheque, bank credit or cash to employees;
- 8.6.2.8. procedures for the recall of cheques and bank credits;
- 8.6.2.9. pay advances and their recovery;
- 8.6.2.10. a system to ensure the recovery from leavers of sums of money and property due by them to the Trust.
- 8.6.3. Appropriately nominated managers have delegated responsibility for:
 - 8.6.3.1. submitting time records, and other notifications in accordance with agreed timetables;
 - 8.6.3.2. completing time records and other notifications in accordance with the HRD's instructions and in the form prescribed by the HRD;
 - 8.6.3.3. submitting termination forms in the prescribed form immediately upon knowing the effective date of any employee's resignation, termination or retirement; and
 - 8.6.3.4. where an employee fails to report for duty in circumstances that suggest they have left without notice, informing the DoF immediately.
- 8.6.4. The HRD will issue instructions regarding:
 - 8.6.4.1. maintenance of subsidiary records for superannuation, income tax, national insurance and other authorised deductions from pay;
 - 8.6.4.2. maintenance of regular and independent reconciliation of pay control accounts;
 - 8.6.4.3. separation of duties for preparing records and handling cash; and
- 8.6.5. Regardless of the arrangements made for providing the payroll service, the DoF 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.

8.7. Timely and accurate records

- 8.7.1. All line managers and those in the chain of management up to Director are required to ensure that time records, and other change forms which impact payroll, are submitted in line with the timetable set by the HRD.

8.8. Contracts of Employment

- 8.8.1. The Board shall delegate responsibility for:

Standing Financial Instructions

- 8.8.1.1. ensuring that all employees are issued with a contract of employment in a form approved by the Board and which complies with employment legislation;
- 8.8.1.2. dealing with variations to, or termination of, contracts of employment;
- 8.8.1.3. dealing with claims, settlements, compensation, tribunals and disputes generally arising from employment, subject to ARC approvals.

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9. NON-PAY EXPENDITURE

9.1. Delegation of Authority

- 9.1.1. The Board will approve the level of non-pay expenditure on an annual basis.
- 9.1.2. The DoF, in consultation with the CE, will provide for managers, in an appendix to these SFIs, guidance on the following matters (see Appendix 2):
 - 9.1.2.1. the grade of managers who are authorised to place requisitions/orders for the supply of goods and services;
 - 9.1.2.2. the maximum financial level for each requisition/order and the system for authorisation above that level; and
- 9.1.3. The DoF is responsible for maintaining a list of authorised signatories held and maintained within the Finance Department.
- 9.1.4. The DoF shall set out procedures on the seeking of professional advice regarding the supply of goods and services.

9.2. Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services

- 9.2.1. The requisitioner, in choosing the item to be supplied (or the service to be performed), shall always obtain the best value for money for the Trust. In so doing, the advice of the Trust's Head of Procurement (HoP) shall be sought. Where this advice is not acceptable to the requisitioner, the DoF (and/or the CE) shall be consulted and decide upon an appropriate course of action.
- 9.2.2. The DoF 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.
- 9.2.3. The SD will set out the thresholds above which quotations or formal tenders must be obtained. The DoF shall be responsible for designing and maintaining a system of verification recording and payment of all amounts payable. The system shall include:
 - 9.2.3.1. a list of directors/employees authorised to certify invoices;
 - 9.2.3.2. a process for certifying that:

- 9.2.3.2.1. goods have been duly received, examined and are in accordance with specification and that the prices are correct;
- 9.2.3.2.2. 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;
- 9.2.3.2.3. in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the timesheets, 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;
- 9.2.3.2.4. where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
- 9.2.3.2.5. the account is arithmetically correct; and
- 9.2.3.2.6. the account is in order for payment.
- 9.2.4. Prepayments are only permitted where exceptional circumstances apply. The DoF is required to approve any prepayments.
- 9.2.5. Official orders must:
 - 9.2.5.1. be in a form approved by the DoF;
 - 9.2.5.2. state the Trust's terms and conditions of trade;
 - 9.2.5.3. be held securely, issued to and used only by those duly authorised under the SD;
 - 9.2.5.4. be authorised by an Officer of the Trust in line with the SD; and
 - 9.2.5.5. be priced (firm or estimate).
- 9.2.6. Managers must ensure that they comply fully with the guidance and limits specified by the DoF and that:
 - 9.2.6.1. all contracts (other than for a simple purchase permitted within the SD or delegated budget), leases, tenancy agreements and other commitments which may result in a liability are notified to the DoF in advance of any commitment being made;
 - 9.2.6.2. all transactions which qualify as significant or material transactions are reported in the appropriate manner to NHSI;

- 9.2.6.3. contracts above specified thresholds are advertised and awarded in accordance with OJEU rules on public procurement;
- 9.2.6.4. 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 employees in breach of Trust policy;
- 9.2.6.5. where the Trust employs specialist expertise the appropriate head of department is consulted prior to purchase. Examples would include but not be limited to IT, Fleet, Estates, or Learning and Development;
- 9.2.6.6. no requisition/order is placed for any item or items for which there is no budget provision unless approved in line with the Business Case or Virement Process; and
- 9.2.6.7. all goods, services, or works are ordered on an official order except works and services executed in accordance with a contract or purchases from petty cash.
- 9.2.6.8. Any orders made for goods/services from companies owned or controlled by current or former employees should require the approval of the company secretary to ensure no conflict of interest occurs in the requisition.
- 9.2.7. Verbal orders must only be issued very exceptionally, by an employee designated by the CE and only in cases of emergency or urgent necessity. These must be confirmed within one working day by an official order which is clearly marked "Confirmation Order";
 - 9.2.7.1. orders must not split or be otherwise placed in a manner devised so as to avoid the financial thresholds;
 - 9.2.7.2. goods must not be taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;
 - 9.2.7.3. changes to the list of directors/employees authorised to certify invoices must be notified to the DoF.
- 9.2.8. The DoF will ensure that there are controls over additions and deletions to the Trust's list of approved contractors and suppliers.
- 9.2.9. The CE shall ensure that lists of all contractors are maintained in an up-to-date condition and ensure that systems are in place to deal with applications, resignations, inspection of premises etc. within the contract.
- 9.2.10. The DoF shall ensure that:

- 9.2.10.1. only contractors who are included on the Trust's approved lists receive payments;
 - 9.2.10.2. regular independent verification of claims is undertaken; and
 - 9.2.10.3. arrangements are in place to identify contractors receiving exceptionally high, low or no payments and these are followed through for further investigation.
- 9.2.11. The process and authority limits for tendering are outlined in Appendix 1 of this document.

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10. EXTERNAL BORROWING AND INVESTMENTS

10.1. External Borrowing

- 10.1.1. The DoF will advise the Board concerning the Trust's ability to pay interest on, and repay, any proposed borrowing. The DoF is also responsible for reporting periodically to the Board concerning the originating debt and all loans and overdrafts.
- 10.1.2. Any application for a loan or overdraft will only be made by the DoF or by an employee so delegated by him/her with Board approval following a recommendation by FIC.
- 10.1.3. All short term borrowings should be kept to the minimum period of time possible, consistent with the overall cash flow position. Any short-term borrowing requirement in excess of one month must be authorised by the DoF.
- 10.1.4. All long-term borrowing must be consistent with the plans outlined in the current Plan.

10.2. Investments

- 10.2.1. All cash balances shall remain in liquid forms and any investments of surplus funds shall be realisable as required and have a maturity not exceeding three months.

Cash deposits shall only be placed with banks in line with deposit limits set out below and based on the ratings from one of the top three ratings agencies, such as Moody's Investor Services Ltd.

- 10.2.2. Temporary cash surpluses must be held only in such public or private sector investments as comply with the following limits:-
- Government Banking Service (GBS) is unlimited
 - Clearing banks have a limit of £10.0m for any one institution
If not a UK clearing bank but the parent is domiciled in the UK then:-
 - Banks rated Aaa by Moody's have a limit of £5.0m
 - Banks rated Aa1 by Moody's have a limit of £5.0m
 - Banks rated Aa2 and Aa3 by Moody's have a limit of £2.0m
 - Banks rated A1 have a limit of £1.0m
 - Banks rated A2 and A3 have a limit of £1.0m
 - Banks rated below this have a NIL limit

- 10.2.3. The Head of Financial Accounting and Compliance (HFAC) will identify the most appropriate way to invest surplus funds with the permitted institutions above. The HFAC will also obtain due authorisation of the proposed

investment in accordance with the below limits for any investment period from overnight to three months:

- Approval via the Finance & Investment Committee

10.2.4. The DoF is responsible for implementing a Treasury Management Process, which will include arrangements for investing surplus funds.

10.2.5. The DoF is responsible for advising the FIC on investment performance.

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11. CAPITAL INVESTMENT, FINANCING and ASSET MANAGEMENT

11.1. Capital Investment

11.1.1. The DoF shall:

11.1.1.1. ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon the Plan; and

11.1.1.2. be responsible for the oversight of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost.

11.1.2. The DoF has authority to determine the arrangements for funding capital expenditure. The possible sources of funding include borrowing, capital receipts, revenue contributions, leasing, or existing cash reserves. The DoF shall determine the most suitable based on the overall cash position of the Trust and the specific nature of the asset being acquired.

11.1.3. The DoF shall report his decision as to the funding of capital expenditure, with reasons, to either the Audit Committee or FIC if requested to do so.

11.1.4. For every capital expenditure proposal the DoF shall ensure that a Business Case or Business Brief is produced in accordance with the Business Case Process, setting out:

11.1.4.1. a clear statement of the purpose of the proposed expenditure;

11.1.4.2. a suitable financial analysis detailed enough to allow an assessment of the payback or Net Present Value of the proposed expenditure and appropriate to the size, complexity and timeframe of the proposal;

11.1.4.3. an appraisal of other options considered which clearly lays out the reasons for the proposed decision; and

11.1.4.4. appropriate project management and control arrangements, including post project appraisal of benefits

11.1.5. For capital schemes where the contracts stipulate stage payments, the DoF will issue procedures for their management.

11.1.6. The DoF shall issue processes for the regular reporting of expenditure and commitment against authorised expenditure. This is covered in the Business Case Process.

- 11.1.7. The approval of a capital programme shall not constitute approval for expenditure on any scheme. Following Business Case approval in accordance with the Business Case Process, the DoF shall confirm to the manager responsible for any scheme:
- 11.1.7.1. specific authority to commit expenditure;
 - 11.1.7.2. authority to proceed to tender; and
 - 11.1.7.3. approval to accept a successful tender.
- 11.1.8. The DoF shall issue guidance governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes.

11.2. Estates Transactions

- 11.2.1. The Board must approve any decision to purchase or dispose of land or estates property.
- 11.2.2. The Board must approve any decision to enter into leases for land or estates property.
- 11.2.3. The Board is not required to approve leases for property where the inclusive annual rental is less than £5,000 and the lease term less than 10 years.

11.3. Private Finance

- 11.3.1. The Board must approve any decision to use private finance.

11.4. Asset Registers

- 11.4.1. The Trust shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be as specified in guidance issued by NHSI.
- 11.4.2. The DoF is responsible for the maintenance of registers of assets and arranging for a physical check of assets against the asset register to be conducted at least once a year.
- 11.4.3. Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:
 - 11.4.3.1. properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties; or

- 11.4.3.2. stores, requisitions and wages records for own materials and labour including appropriate overheads; or
- 11.4.3.3. lease agreements in respect of assets held under a finance lease and capitalised.
- 11.4.4. Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to a signed disposal form and invoices.
- 11.4.5. The DoF shall approve procedures for reconciling balances on fixed asset accounts in ledgers against balances on fixed asset registers.
- 11.4.6. The valuation and depreciation of assets is governed by generally accepted accounting practice. As it applies to Foundation Trusts this is laid out in the FT Annual Reporting Manual (ARM).

11.5. Security of Assets

- 11.5.1. The overall control of fixed assets is the responsibility of the CE.
- 11.5.2. Asset control procedures (including fixed assets, cash, cheques, negotiable instruments and donated assets) must be approved by the DoF. These procedures shall make provision for:
 - 11.5.2.1. recording managerial responsibility for each asset;
 - 11.5.2.2. identification of additions and disposals;
 - 11.5.2.3. identification of all repairs and maintenance expenses;
 - 11.5.2.4. physical security of assets;
 - 11.5.2.5. periodic verification of the existence of, condition of and title to assets recorded;
 - 11.5.2.6. identification and reporting of all costs associated with the retention of an asset; and
 - 11.5.2.7. reporting, recording and safekeeping of cash, cheques and negotiable instruments.
- 11.5.3. All discrepancies revealed by the physical verification of assets to the fixed asset register shall be notified to the DoF and reported to the AuC.

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

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12. STORES AND RECEIPT OF GOODS

12.1. General

- 12.1.1. Stores, defined in terms of controlled stores and departmental stores (for immediate use) should be:
 - 12.1.1.1. kept to an operationally efficient minimum;
 - 12.1.1.2. subjected to regular stock take, either perpetual and/or annual;
 - 12.1.1.3. valued at the lower of cost or net realisable value; and
 - 12.1.1.4. be kept as secure as practically possible.

12.2. Control

- 12.2.1. Subject to the responsibility of the DoF for maintaining effective systems of control, overall responsibility for the control of stores shall be delegated to an employee by the CE. Day to day responsibility may be delegated to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the DoF. The control of pharmaceutical stocks shall be the responsibility of a designated pharmaceutical officer; the control of fuel oil shall be the responsibility of the Head of Estates; and the control of vehicle fuel shall be the responsibility of the Head of Fleet.
- 12.2.2. Responsibility for security arrangements and the custody of keys for all stores and locations shall be clearly defined in writing by the designated manager/pharmaceutical officer.
- 12.2.3. The Chief Pharmacist is responsible to the MD and the Controlled Drugs Accountable Officer for the specific storage, distribution and record keeping obligations that are required for pharmaceuticals including controlled drugs.
- 12.2.4. The DoF shall set out procedures and systems to regulate stores including records for receipt of goods, issues, returns to stores and losses.
- 12.2.5. Stocktaking arrangements shall be agreed with the DoF. The relevant Heads of Department (where stock is held) shall ensure that a physical check covering all items in store is carried out at least once a year.
- 12.2.6. Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the DoF.
- 12.2.7. The designated manager/pharmaceutical officer shall be responsible for a system approved by the DoF for a review of slow moving and obsolete

items and for condemnation, disposal, and replacement of all unserviceable articles. The designated officer shall report to the DoF any evidence of significant overstocking and of any negligence or malpractice. Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

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13. DISPOSALS, LOSSES AND SPECIAL PAYMENTS

13.1. Disposals

- 13.1.1. The DoF shall prepare a detailed Asset Disposal Process, including condemnations, and ensure that this is notified to managers.
- 13.1.2. When it is decided to dispose of a Trust asset, the relevant head of department or authorised deputy will determine and advise the DoF of the estimated market value of the item, taking account of professional advice where appropriate.
- 13.1.3. All unserviceable articles shall be:
 - 13.1.3.1. condemned or otherwise disposed of by an employee authorised for that purpose by the DoF;
 - 13.1.3.2. recorded in a form approved by the DoF, which will indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the condemning manager and countersigned by the DoF in the circumstances outlined in the Asset Disposal Process.
- 13.1.4. The condemning officer shall satisfy himself as to whether or not there is evidence of negligence in use and shall report any such evidence to the DoF who will take the appropriate action.

13.2. Losses and Special Payments

- 13.2.1. The DoF must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments. The DoF must also prepare a fraud response plan that sets out the action to be taken both by persons detecting a suspected fraud and those persons responsible for investigating it.
- 13.2.2. Any employee discovering or suspecting a loss of any kind must immediately inform their head of department, who must immediately inform the CE and the DoF or inform an officer charged with responsibility for responding to concerns involving loss or fraud confidentially. This officer will then appropriately inform the DoF and/or CE.
- 13.2.3. In cases of fraud, bribery and corruption or of anomalies that may indicate such offences, the DoF will instruct the LCFS to carry out an investigation.
- 13.2.4. The DoF must notify the LCFS and the External Auditor of all suspected cases of fraud and bribery.

- 13.2.5. For material losses apparently caused by theft, arson, neglect of duty or gross carelessness the DoF must immediately notify:
- 13.2.5.1. AuC, and
 - 13.2.5.2. the External Auditor.
- 13.2.6. In accordance with the SD, the DoF shall approve the writing off of losses. It should be noted that the decision to write off assets or losses is an accounting judgement and is not, therefore, subject to AuC approval. The AuC should be informed of any decision and may request review by external auditors or independent specialists.
- 13.2.7. The DoF shall be authorised to take any necessary steps to safeguard the Trust's interests in personal and company insolvencies.
- 13.2.8. For any loss, the DoF should consider whether this is covered by an insurance policy and if so whether any insurance claim can be made to recover the losses incurred by the Trust.
- 13.2.9. The DoF shall maintain a record of Losses and Special Payments, in which write off action is recorded and this shall be reported to AuC annually.

14. INFORMATION TECHNOLOGY

14.1. Controls

- 14.1.1. The DoF, who is responsible for the accuracy and security of the computerised data of the Trust in conjunction with the Senior Information Risk Owner (SIRO) shall:-
- 14.1.1.1. devise and implement procedures to ensure adequate protection of the Trust's data, programs and computer hardware from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard to Data Protection legislation;
 - 14.1.1.2. ensure that adequate controls exist and the Trust remains compliant with data protection legislation regarding data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness and timeliness of data, as well as the efficient and effective operation of systems;
 - 14.1.1.3. ensure that, where cloud-based systems are used, data held offsite and in third party systems is appropriate and secure;
 - 14.1.1.4. 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; and
 - 14.1.1.5. prepare and maintain an IT strategy for regular approval by the Trust Board.

14.2. System Development

- 14.2.1. The DoF shall ensure that new IT systems and amendments to current systems are developed and documented in such a manner that the Trust are adequately supported either through robust third party contracts or internally through the IT function. Where this is undertaken by another organisation, appropriate UAT (user acceptance testing) and SAT (Systems acceptance testing) will be carried out by them prior to implementation.
- 14.2.2. Ensure that a Data Privacy Impact Assessment is completed in instances where new IT systems are being developed or there is an amendment or update to a current system.

14.3. Data Security and Integrity

- 14.3.1. The DoF shall ensure that contracts for IT services shall clearly define service availability and that the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing,

transmission and storage is clearly defined. The contract shall also ensure the Trust has rights of access for audit purposes and confirm compliance with Data Protection Legislation.

- 14.3.2. Where another agency provides a computer service for financial applications, the DoF shall periodically seek assurances that adequate controls are in operation.
- 14.3.3. Where computer systems have an impact on corporate financial systems the DoF shall ensure that:
 - 14.3.3.1. systems acquisition, development and maintenance are in line with corporate policies, data protection legislation, and the Information Technology Strategy;
 - 14.3.3.2. data produced for use with financial systems is adequate, accurate, complete and timely, and that a management audit trail exists; and
 - 14.3.3.3. appropriate and effective IT audit reviews are carried out.

14.4. Information Governance

- 14.4.1. The DSBD shall publish and maintain standards for Information Governance.

14.5. Freedom of Information

- 14.5.1. The DSBD shall publish and maintain a Freedom of Information (FOI) Publication Scheme, or adopt a model Publication Scheme approved by the Information Commissioner, providing a complete guide to the information routinely published by the Trust and describing the classes and types of information available.

14.6. Resilience and Disaster Recovery

- 14.6.1. The DoF shall ensure that risks to the Trust from the use of IT are identified and are considered in the development of disaster recovery plans and resilience. Disaster Recovery Plans will support each department's business continuity arrangements.

15. CHARITABLE FUNDS

15.1. Introduction

- 15.1.1. The SOs identify the Trust's responsibilities as a corporate trustee for the management of funds it holds on trust and defines how those responsibilities are to be discharged. They explain that although the management processes may overlap with those of the organisation of the Trust, the trustee responsibilities must be discharged separately and full recognition given to the dual accountabilities to the Charity Commission for charitable funds held on trust, and to NHSI for all funds held under the NHS Provider Licence.
- 15.1.2. The DoF is responsible for establishing a procedure or process to cover the management of charitable funds. This will need to document areas where the internal controls over charitable funds differ from the standard internal controls adopted by the Trust.
- 15.1.3. The Charitable Funds Committee (CFC) is responsible for the oversight of matters relating to charitable funds, in line with the procedure/process on use of Charitable Funds approved by the board and detailed below.

15.2. Existing Charitable Funds

- 15.2.1. Charitable Funds will be used only where there is a clear charitable purpose.
- 15.2.2. Decisions must be made in the interest of the charity to further its charitable objects of:
- 15.2.2.1. the relief of those in need by reason of old age, health disability or financial hardship;
 - 15.2.2.2. the advancement of health or the saving of lives; or
 - 15.2.2.3. the promotion of the effective operation of the ambulance and emergency healthcare services.
- 15.2.3. There must be a clear open and independent process of decision making by the Trustees to support any decision.
- 15.2.4. The DoF shall arrange for the administration of all charitable funds and ensure that a governing document exists. Detailed processes covering every aspect of the financial management of charitable funds must be produced for the guidance of directors and employees.

- 15.2.5. The DoF shall periodically review the funds in existence and shall make recommendations to the CFC regarding the potential for rationalisation of such funds within statutory guidelines.
- 15.2.6. The DoF may recommend an increase in the number of funds where this is consistent with the Trust's approach to ensuring the safe and appropriate management of restricted funds.

15.3. New Funds

- 15.3.1. The DoF shall arrange for the creation of a new trust where funds, or other assets, received in accordance with the Trust's policies, cannot adequately be managed as part of existing charitable fund arrangements.
- 15.3.2. Governing documents for any new funds shall be presented to the CFC for approval.
- 15.3.3. The DoF shall give consideration to the appropriateness of any new funds. Where the purpose of new funds offered may run counter to the effective running of the Trust for its primary purpose the DoF may recommend to the CFC that new funds are declined. The CFC will make this decision in the best interests of the whole public served by the Trust.

15.4. Source of New Funds

- 15.4.1. In respect of donations the DoF shall provide guidance as to how to proceed when offered funds, including:
 - 15.4.1.1. the identification of the donor's intentions;
 - 15.4.1.2. the avoidance of new funds where possible; and
 - 15.4.1.3. the avoidance of impossible, undesirable or administratively difficult objectives.
- 15.4.2. In respect of legacies and bequests, the DoF shall:
 - 15.4.2.1. provide guidelines to officers of the Trust covering any approach regarding:
 - 15.4.2.1.1. the wording of wills;
 - 15.4.2.1.2. the receipt of funds/assets from executors;
 - 15.4.2.2. if necessary, obtain grant of representation where the Trust has an interest;

- 15.4.2.3. 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; and
- 15.4.2.4. be empowered, subject to receiving and acting upon appropriate legal advice, to enter into any agreement with the personal representative of the estate relating to the treatment of legacies and bequests.
- 15.4.3. In respect of fundraising, the CE shall be the only officer empowered to give approval for such fund raising subject to the overriding direction of the Board and shall:
 - 15.4.3.1. manage all arrangements for fundraising by and/or on behalf of the Trust and ensure compliance with all statutes and regulations;
 - 15.4.3.2. liaise with other organisations/persons raising funds for the Trust and provide them with an adequate discharge; and
 - 15.4.3.3. be responsible for alerting the Board to any irregularities regarding the use of the Trust's name or its registration number.
- 15.4.4. In respect of investment income, the DoF shall be responsible for the appropriate treatment and recording of all dividends, interest and other receipts.

15.5. Investment Management

- 15.5.1. The DoF shall be responsible for all aspects of the management of the investment of charitable funds and is required to advise the CFC on the following issues:
 - 15.5.1.1. the formulation of an investment policy, within the legal powers of the Trust, to meet requirements with regard to income generation and the enhancement of capital value;
 - 15.5.1.2. the appointment of advisers, brokers, and fund managers, including the terms of such appointments, subject to written agreements being signed by the CE;
 - 15.5.1.3. pooling of investment resources and the preparation of a submission to the Charity Commission for them to authorise a scheme;
 - 15.5.1.4. the participation by the Trust in common investment funds and the agreement of terms of entry and withdrawal from such funds;
 - 15.5.1.5. ensuring that the use of charitable assets shall be appropriately authorised in writing and changes raised within procedural guidelines;

- 15.5.1.6. the review of the performance of brokers and fund managers; and
- 15.5.1.7. the reporting of investment performance.

15.6. Disposition Management

- 15.6.1. The exercise of the investment disposals shall be managed by the DoF in conjunction with the CFC. In so doing the DoF shall be aware of the following:
 - 15.6.1.1. the objects of various funds and the designated objectives;
 - 15.6.1.2. the availability of liquid funds within each charitable fund;
 - 15.6.1.3. the powers of delegation available to commit resources;
 - 15.6.1.4. the avoidance of the use of exchequer funds to discharge charitable fund liabilities (except where administratively unavoidable), and to ensure that any indebtedness to the Exchequer shall be discharged by charitable funds at the earliest possible time;
 - 15.6.1.5. that funds are to be spent rather than preserved, subject to the wishes of the donor and the needs of the Trust; and
 - 15.6.1.6. the definitions of “charitable purposes” as agreed by the NHS with the Charity Commission.

15.7. Banking Services

- 15.7.1. The DoF shall advise the CFC 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 the Charity Commission.

15.8. Asset Management

- 15.8.1. 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 DoF shall ensure that:
 - 15.8.1.1. 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; and

- 15.8.1.2. appropriate measures are taken to protect and/or to replace assets, to include the taking of decisions regarding insurance, inventory control, and the reporting of losses.

15.9. Reporting

- 15.9.1. The DoF shall ensure that regular reports are made to the CFC on the receipt of funds, investments and the disposition of resources.
- 15.9.2. The DoF shall prepare annual accounts in the required manner, which shall be submitted, to the CFC within agreed timescales.
- 15.9.3. The DoF shall prepare an annual trustees' report and the required returns to NHSI and to the Charity Commission for adoption by the Board.

15.10. Accounting and Audit

- 15.10.1. The DoF shall maintain all financial records to enable the production of reports as above and to the satisfaction of Internal and External Audit.
- 15.10.2. The DoF shall ensure that the records, accounts and returns receive adequate scrutiny by Internal Audit during the year. He will liaise with External Audit and provide them with all necessary information.
- 15.10.3. AuC will recommend the appropriate level of external audit to be adopted by the Trust within the regulations set down by the Charity Commission.
- 15.10.4. The Board shall be advised by the DoF on the outcome of the annual audit by ensuring that the audited accounts for the charitable funds are approved by AuC and subsequently by the Board.

15.11. Administration Costs

- 15.11.1. The DoF shall identify all costs directly incurred in the administration of funds held on trust and shall charge such costs to the appropriate charitable funds.

16. RETENTION OF DOCUMENTS

16.1. Archives

- 16.1.1. The CE shall be responsible for maintaining archives for all documents required to be retained.
- 16.1.2. The CE shall authorise requests to retrieve documents from archive. This power may be delegated to a nominated representative in each directorate.
- 16.1.3. The DSBD is responsible for designating a document retention lead who is responsible for ensuring that documents are retained in accordance with NHS document retention guidance.
- 16.1.4. In the event that a document should be retained indefinitely, a corporate document register should be created. It should be noted that very few documents require indefinite retention.

17. RISK MANAGEMENT AND INSURANCE

17.1. Risk Management Programme

- 17.1.1. The CE shall ensure that the Trust has a programme of risk management, in accordance with the requirements of the NHS Audit Committee Handbook, Care Quality Commission and NHSI, which will be approved and monitored by the Board. The agreed arrangements can be found within the Trust's Risk Management Policy.
- 17.1.2. The Board is responsible for ensuring that there is an effective programme of risk management, which shall include:
- 17.1.2.1. a process for identifying and quantifying risks and potential liabilities;
 - 17.1.2.2. engendering among all levels of staff a positive attitude towards the control of risk;
 - 17.1.2.3. management processes to ensure that all significant risks and potential liabilities are addressed, including effective systems of internal control, decisions on the acceptable level of retained risk, and cost effective insurance cover;
 - 17.1.2.4. contingency plans and business continuity planning to offset the impact of adverse events;
 - 17.1.2.5. effective audit arrangements, including internal audit, clinical audit, and health and safety review; and
 - 17.1.2.6. arrangements to review the risk indices, programmes and procedures.
- 17.1.3. The existence, integration and evaluation of the above elements will provide a basis to make a statement on the effectiveness of internal financial control within the Annual Report and Accounts.
- 17.1.4. The DoF shall ensure that insurance arrangements are in place that reflect the requirements of the risk management programme.

18. ACCEPTANCE OF GIFTS/HOSPITALITY/SPONSORSHIP

- 18.1. The acceptance of gifts and hospitality represents a risk of bribery and a risk of the perception of corruption. The CE is responsible for ensuring that there is a clear policy in place, which complies with legislation in respect of fraud, corruption and bribery, including the offer and/or acceptance of gifts, hospitality, and sponsorship. All staff are responsible for adhering to this policy.

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Appendix 1

TENDERING PROCEDURE

1. INVITATION TO TENDER

- 1.1. All invitations to tender on a formal competitive basis shall state that no tender will be considered for acceptance unless submitted:
 - 1.1.1. electronically using the Trust's e-Tendering Tool, with tenders being locked down until the return date and time; or
 - 1.1.1.1. in a plain, sealed package bearing a pre-printed label supplied by the Trust or bearing the word 'Tender' followed by the subject to which it relates and the latest date and time for the receipt of such tender.
- 1.2. The tender envelopes/packages shall not bear any names or marks indicating the sender.
- 1.3. Every tender for goods, materials, services, (including consultancy services) or disposals shall embody all NHS Standard Terms and Condition of Contract that are applicable. Every tender must have given or give a written undertaking not to engage in collusive tendering or other restrictive practices.

2. RECEIPT, SAFE CUSTODY AND RECORD OF FORMAL TENDERS

- 2.1. The Head of Procurement (HoP) shall authorise a procurement representative to oversee each tender.
- 2.2. For electronic tenders:
 - 2.2.1. formal tenders will be submitted using the Trust's e-Tendering tool and will be unlocked automatically on the set return date and time; and
 - 2.2.2. the authorised procurement representative will be responsible for the maintenance of all records.
- 2.3. For paper based tenders:
 - 2.3.1. formal competitive tenders shall be addressed to the Trust Secretary;
 - 2.3.2. the date and time of receipt of each tender shall be endorsed on the unopened tender envelope/package; and

2.3.3. the Trust Secretary or DoF shall receive tenders, and be responsible for their endorsement and safe custody until the time appointed for their opening, and for the records maintained in accordance with Section 3.5.

3. OPENING FORMAL TENDERS

3.1. For electronic tenders:

3.1.1. all tenders will be accepted by the unlocking of the e-Tendering tool; and

3.1.2. all changes will be fully auditable within the e-Tendering tool.

3.2. In the case of paper-based tenders:

3.2.1. as soon as practicable after the date and time stated as being the latest time for the receipt of tenders they shall be opened in accordance with the Scheme of Delegation (SD) or Standing Orders (SO); and

3.2.2. every tender received shall be stamped with the date of opening and initialled by two Trust directors, in line with the SD, present at the opening.

3.2.3. A permanent record shall be maintained to show for each set of competitive tender invitations dispatched:

3.2.3.1. the names of firms/individuals invited to tender;

3.2.3.2. the names of and the number of firms/individuals from which tenders have been received;

3.2.3.3. the total price(s) tendered;

3.2.3.4. closing date and time;

3.2.3.5. date and time of opening;

3.2.3.6. and the record shall be signed by the directors present at the opening.

3.3. A record shall be maintained of all price alterations on tenders, and the final price shown shall be recorded. Every price alteration appearing on a tender and the record should be initialled by two of those present at the opening.

3.4. A report shall be made in the record if price alterations are so numerous as to render this procedure unreasonable.

4. ADMISSIBILITY AND ACCEPTANCE OF FORMAL TENDERS

- 4.1. In considering which tender to accept, if any, the designated officers shall have regard to whether best value will be obtained by the Trust and whether the number of tenders received provides adequate competition. In cases of doubt, they shall consult the DoF.
- 4.2. Tenders received after the due time and date may be considered only if the DoF decides that there are exceptional circumstances, e.g. where significant financial, technical or delivery advantages would accrue, and is satisfied that there is no reason to doubt the veracity of the tenderers concerned. The HoP shall decide whether such tenders are admissible and whether re-tendering is desirable. Re-tendering may be limited to those tenders reasonably in the field of consideration in the original competition. If the tender is accepted, the late arrival of the tender should be reported to AuC at its next meeting.
- 4.3. Technically late tenders (i.e. those dispatched in good time but delayed through no fault of the tenderer) may at the discretion of the DoF be regarded as having arrived in due time.
- 4.4. Incomplete tenders (i.e. those from which information necessary for the adjudication of the tender is missing) and amended tenders (i.e. those amended by the tenderer upon his own initiative either orally or in writing after the due time for receipt) should be dealt with in the same way as late tenders under Section 4.2.
- 4.5. Where examination of tenders reveals errors which would affect the tender values, the tenderer is to be given details of such errors and afforded the opportunity of confirming or withdrawing its offer.
- 4.6. Necessary discussions with a tenderer of the contents of its tender, in order to elucidate technical points before the award of a contract, do not disqualify the tender.
- 4.7. While decisions as to the admissibility of late, incomplete, or amended tenders are under consideration and while re-tenders are being obtained, the tender documents shall remain strictly confidential and kept in safekeeping by an officer designated by the HoP.
- 4.8. Where only one tender/quotation is received, the DoF or HoP shall, as far as practicable, ensure that the price to be paid is fair and reasonable.
- 4.9. A tender other than the lowest (if payment is to be made by the Trust), or other than the highest (if payment is to be received by the Trust) shall not be accepted unless for good and sufficient reason the DoF decides otherwise and reports the fact and the implications of making that decision to AuC.

- 4.10. Where the form of contract includes a fluctuation clause, all applications for price variations must be submitted in writing by the tenderer and shall be approved by the DoF or HoP.
- 4.11. All tenders must be treated as confidential and must be retained for a period of at least 6 years for unsuccessful tenders, or 6 years beyond the life of the successful tendered contract.
- 4.12. Post-tender negotiation is not permitted; clarification is permitted but price negotiation is not.

5. MONITORING POTENTIAL AND CURRENT SUPPLIERS

- 5.1. The HoP, or a nominated specialist, shall ensure that appropriate checks are carried out as to the technical and financial capability of firms invited to tender or quote. This will be via a Pre-Qualification Questionnaire (PQQ).
- 5.2. In the case of building, engineering and maintenance works, the HoP, in conjunction with the DoF, must be satisfied on their capacity and the DoF must be satisfied that their financial standing is adequate.
- 5.3. In the case of the supply of goods, materials and related services, and management consultancy services, the HoP or the nominated specialist must be satisfied as to their technical competence and the DoF must be satisfied that their financial standing is adequate.
- 5.4. In the case of the provision of healthcare services to the Trust by a private sector provider, the DoF must be satisfied as to their financial standing and the MD/DoO must be satisfied as to their technical/medical competence.
- 5.5. If the value of the contract exceeds, or is anticipated to exceed, EU thresholds then this should be referred to the HoP for due process.
- 5.6. The HoP will monitor the level of business transacted with suppliers by the Trust in relation to the total annual turnover of the supplier. Where Trust business represents 50% or more of a supplier's total annual turnover the DoF will review the extent that this represents a risk to the Trust and agree any necessary action to remove or mitigate this risk.

6. Signing Contracts

- 6.1. Contracts, which have followed due process, may be signed by the HoP on behalf of the Trust if the annual value is less than £250k. Contracts with an annual value greater than £250k must be signed by the DoF or CE.

7. Value for Money Assessment

- 7.1. The Trust recognises that the best value for the Trust is not always delivered by the lowest cost procurement. Value will be assessed on the Most Economically Advantageous Terms (MEAT).

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Schedule to Appendix 1

Competitive Tendering Requirements

Quotation and Tendering Requirements	
Revenue, Management Consultancy and Non-Works Capital Expenditure	
Up to £10,000	1 written quote
£10,001 to £50,000	2 written quotes
£50,001 to £180,000	3 written quotes
Over £180,000	EU Directive Requirements
Works Capital Expenditure	
£10,001 to £50,000	2 written quotes
£50,001 to £100,000	3 written quotes
£100,001 to £500,000	3 tenders
£500,001 to £4,800,000	4 tenders
Over £4,800,000	EU Directive Requirements

1. Notes :
 - i. It is good practice to ensure written confirmation of price/quotation is obtained for all orders of any value to help ensure value for money and to avoid future disputes with suppliers. Where there is any doubt, advice on obtaining quotations and achieving value for money should be obtained through the Procurement Department.
 - ii. EU Directive requirement thresholds are shown excluding VAT, and are subject to amendment by the EU biennially and to revision due to exchange rate fluctuation on an ad-hoc basis.
 - iii. Existing procurement frameworks can be used as an alternative to formal tendering with prior written approval from the Head of Procurement (HoP). The call-off terms of the Framework must be followed concerning the requirement for undertaking a Direct Award or Further Mini Competitions
 - iv. All works tenders greater than £50,000 must be reviewed with the HoP before documents are published.
2. For the purposes of compliance against tendering limits, management consultants are defined as meeting the following criteria:

- 2.1. provides a human resource;
- 2.2. primarily of an administrative, managerial or research nature;
- 2.3. would, if performed in-house, be undertaken by relatively senior employees;
- 2.4. involves a high level of delegation;
- 2.5. has defined deliverables; and
- 2.6. has defined timescales.
3. Typically, the appointment would be for a defined period of time to deliver a product, review, or implementation to a pre-set specification within a defined cost.
4. This excludes the temporary filling of vacant senior positions, and the use of retained professional services such as architects and lawyers (which will have been appointed following a Trust-wide market testing exercise).

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Finance Process 1 – Authority to Incur Expenditure



FP1 - Authority to
incur expenditure v10

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