

# **STANDING FINANCIAL INSTRUCTIONS**

# **1 INTRODUCTION**

## **1.1 General**

These Standing Financial Instructions (SFIs) detail the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and the Independent Regulator's relevant guidance. They should be used in conjunction with the Schedule of Decisions Reserved to the Board and the Scheme of Delegation adopted by the Trust.

These SFIs identify the financial responsibilities which apply to everyone working for the Trust and its constituent organisations including any trading units. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Chief Financial Officer. These SFIs do not set out in full the requirements of the Independent Regulator's guidance and all relevant guidance of the Independent Regulator should be consulted. Such guidance will also change over time and these SFIs do not record or reference all such applicable guidance.

Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Chief Financial Officer must be sought before acting. The user of these SFIs should also be familiar with and comply with the provisions of the Trust's Standing Orders (SOs).

Failure to comply with SFIs and SOs is a disciplinary matter that could result in dismissal.

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

All policies and procedures of the Trust, to the extent that they are consistent with this SFI, must be followed by all governors, directors and officers of the Trust in addition to the provisions of the SFI (whether specifically referenced in this schedule or not).

## **1.2 Terminology**

The definitions within the Standing Orders, Standing Financial Instructions and Scheme of Reservation and Delegation are described on pages 5 & 6 of this manual.

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

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

on behalf of the Trust, including nursing and medical staff and consultants practising on the Trust premises and members of staff of the PFI contractor or Trust staff working the contractor under retention of employment model.

### **1.3 Responsibilities and Delegation**

The Board exercises financial supervision and control by:

- formulating the financial strategy
- requiring the submission and approval of the Annual Plan and budgets within overall income
- defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money) and by ensuring appropriate audit provision; and
- defining specific responsibilities placed on the Board and employees as indicated in the Scheme of Reservation and Delegation.

The Board of Directors has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the Scheme of Reservation & Delegation document. All other powers have been delegated to such other committees as the Trust has established.

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

Within the SFIs, it is acknowledged that the Chief Executive is ultimately accountable to the Board, and as the Accounting Officer, for ensuring that the Board meets its obligation to perform its functions within the available financial resources. The Chief Executive has overall executive responsibility for the Trust's activities, is responsible to the Chair and Board for ensuring that its financial obligations and targets are met and has overall responsibility for the Trust's system of internal control.

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

The Chief Finance Officer is responsible for:

- implementing the Trust's financial policies and for co-ordinating any corrective action necessary to further these policies; (The SFIs themselves do not provide detailed procedural advice. These statements should therefore be read in conjunction with the detailed departmental and financial procedure notes.)
- maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;
- ensuring that sufficient records are maintained to show and explain the Trust's transactions, in order to disclose, with reasonable accuracy, the financial position of the Trust at any time;

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

- the provision of financial advice to other members of the Board of Directors and employees;
- the design, implementation and supervision of systems of internal financial control; and
- the preparation and maintenance of such accounts, certificates, estimates, records and reports as the Trust may require for the purpose of carrying out its statutory duties.

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

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

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

For all members of the Board and any employees who carry out a financial function, the form in which financial records are kept and the manner in which directors and employees discharge their duties must be to the satisfaction of the Chief Finance Officer.

## **2 AUDIT**

### **2.1 Audit Committee**

The Audit Committee has been formally constituted by the Board of Directors in accordance with its Standing Orders and will report through to the Board of Directors. The Board of Directors shall satisfy itself that at least one member of the Audit Committee has recent and relevant financial experience.

The committee is authorised to investigate any activity within its Terms of Reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any requests made by the committee.

The committee is authorised to obtain outside legal and other independent professional advice and to secure the attendance of outsiders with relevant experience, expertise if it considers it necessary.

### **2.2 Scope and Duties**

In order to fulfil its role effectively, the Committee will undertake the following:

#### **2.2.1 Governance, risk management and internal control**

The committee shall seek an independent review of the work of the relevant committees to enable it to review the establishment and maintenance of an

effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives.

The Committee shall have responsibility for final sign off of the Trust's Annual Quality Report.

The Committee will specifically review the adequacy and effectiveness of:

- All risk and control related disclosure statements (in particular the Annual Governance Statement), together with any accompanying Head of Internal Audit statement, external audit opinion or other appropriate independent assurances, prior to endorsement by the Board
- The underlying assurance processes that indicate the degree of achievement of corporate objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements
- The policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements and related reporting and self-certification
- The Corporate Governance Manual, Standing Orders, Standing Financial Instructions and Scheme of Delegation.
- The policies and procedures for all work related to fraud and corruption as set out in Secretary of State Directions and as required by the NHS Counter Fraud and Security Management Service.

In carrying out this work the committee will primarily utilise the work of internal audit, external audit and other assurance functions, but will not be limited to these sources. It will also seek reports and assurances from directors and managers as appropriate, concentrating on the over-arching systems of integrated governance, risk management and internal control, together with indicators of their effectiveness.

This will be evidenced through the committee's use of an effective Assurance Framework to guide its work and that of the audit and assurance functions that report to it.

### **2.2.2 Internal audit**

The committee shall ensure that there is an effective internal function that meets mandatory Public Sector Internal Audit Standards and provides appropriate independent assurance to the Audit Committee, Chief Executive and Board.

This will be achieved by:

- Consideration of the provision of the internal audit service, the cost of the audit and any questions of resignations and dismissal
- Review and approval of the internal audit strategy, operational plan and more detailed programme of work, ensuring that this is consistent with the Audit needs of the organisation as identified in the Assurance Framework
- Considering the major findings of internal audit work (and management's response), and ensuring co-ordination between the internal and external auditors to optimise audit resources through the

use of the audit tracker (the detail of the internal audit reports will be scrutinised at the relevant committees of the board)

- Ensuring that the internal audit function is adequately resourced and has appropriate standing within the organisation
- An annual review of the effectiveness of internal audit.

### **2.2.3 External audit**

The committee shall review the work and findings of the external auditors and consider the implications and management's responses to their work.

This will be achieved by:

- Consideration of the appointment and performance of the external auditors, as far as the rules governing the appointment permit
- Discussion and agreement with the external auditors, before the audit commences, of the nature and scope of the audit as set out in the annual plan, and ensuring co-ordination, as appropriate, with other external auditors in the local health economy
- Discussion with the external auditors of their local evaluation of audit risks and assessment of the Trust and associated impact on the audit fee
- Review of all external audit reports, including the report to those charged with governance, agreement of the annual audit letter before submission to the Board and any work undertaken outside the annual audit plan, together with the appropriateness of management responses.

### **2.2.4 Other assurance functions**

The Audit Committee shall review the findings of other significant assurance functions, both internal and external to the organisation, and consider the implications for the governance of the organisation.

These will include, but will not be limited to, any reviews by the Department of Health arm's length bodies or regulators/inspectors (for example, the Care Quality Commission, NHS Litigation Authority, etc.) and professional bodies with responsibility for the performance of staff functions (for example, Royal Colleges, accreditation bodies, etc)

In addition, the Committee will review the work of other committees within the organisation, whose work can provide relevant assurance to the Audit Committee's own scope of work.

In reviewing the work of the Quality & Governance Committee, and issues around clinical risk management, the Audit Committee will wish to satisfy itself on the assurance that can be gained from the clinical audit function.

### **2.2.5 Counter Fraud**

The Committee shall satisfy itself that the organisation has adequate arrangements in place for countering fraud and shall approve the counter fraud plan and review the outcomes of counter fraud work.

## **2.2.6 Management**

The Committee shall request and review reports and positive assurances from directors and managers on the overall arrangements for governance, risk management and internal control.

The Committee may also request specific reports from individual functions within the organisation (for example, clinical audit) as they may be appropriate to the overall arrangements.

## **2.2.7 Financial Reporting**

The Audit Committee shall monitor the integrity of the financial statements of the Trust and any formal announcements relating to the Trust's financial performance.

The Committee should ensure that the systems for financial reporting to the Board, including those of budgetary control, are subject to review as to completeness and accuracy of the information provided to the Board.

The Audit Committee shall review the annual report and financial statements before submission to the Board, focusing particularly on:

- The wording in the Annual Governance Statement and other disclosures relevant to the terms of reference of the Committee
- Changes in, and compliance with, accounting policies, practices and estimation techniques
- Unadjusted mis-statements in the financial statements
- Significant judgements in preparation of the financial statements
- Significant adjustments resulting from the audit
- Letter of representation
- Qualitative aspects of financial reporting.

In performing its duties, the Committee will have due regard to the Trust's commitment to equality, diversity and human rights as well as compliance with the Equality Act 2010 and other legislation requirements.

## **2.2.8 Whistleblowing**

In accordance with the UK Code, the Audit Committee shall remain aware of the arrangements and processes in place by which staff of the organisation may in confidence, raise concerns about possible improprieties in matters of financial reporting or others matters.

The Audit Committee shall acknowledge the work and oversight of the Board of Directors and the Quality & Governance Committee in the application of the Trust's Raising Concerns Policy (GP51).

This will be facilitated through the Audit Committee's review of the minutes from the Quality & Governance Committee where quarterly assurance reports are presented.

## **2.3 Chief Finance Officer**

The Chief Finance Officer is responsible for:

- ensuring there are arrangements to review, evaluate and report on the effectiveness of internal control including the establishment of an effective internal audit function and the coordination of other assurance arrangements;
- ensuring that internal audit is adequate and meets the Public Sector Internal Audit Standards;
- deciding at what stage to involve the police in cases of fraud, misappropriation, and other irregularities not involving fraud or corruption;
- ensuring that an annual internal audit report is prepared for the consideration of the Audit Committee and the Board of Directors. The report must cover:
  - a clear opinion on the effectiveness of internal controls in accordance with current assurance framework guidance issued by the Department of Health including for example compliance with control criteria and standards,
  - major internal financial control weaknesses discovered,
  - progress on the implementation of internal audit recommendations,
  - progress against plan over the previous year,
  - strategic audit plan,
  - a detailed plan for the coming year.

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

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

## **2.4 Role of Internal Audit**

The role of internal audit embraces two key areas:

- The provision of an independent and objective opinion to the 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 agreed objectives.
- The provision of an independent and objective view specifically to help line management improve the organisation's risk management, control and governance arrangements.

Internal Audit will review, appraise and report upon:

- The extent of compliance with, and the effect of, relevant established policies, plans and procedures;
- The adequacy and application of financial and other management controls;
- The suitability of financial and other management data;
- The extent to which the Trust's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
  - fraud and other offences,



- waste, extravagance, inefficient administration,
- poor value for money or other causes.
- Internal Audit shall also independently verify the Assurance Framework in accordance with guidance from the Department of Health.

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

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

The Head of Internal Audit shall be accountable to the Audit Committee. The reporting system for internal audit shall be agreed between the Chief Financial Officer, the Audit Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the Public Sector Internal Audit Standards. The Head of Internal Audit shall have access to report direct to the Chairman or a non-executive member of the Trust's Audit Committee.

Managers in receipt of audit reports referred to them, have a duty to take appropriate remedial action within the agreed timescales specified within the report. The Chief Financial Officer shall identify a formal review process to monitor the extent of compliance with audit recommendations. Where appropriate, remedial action has failed to take place within a reasonable period, the matter shall be reported to the Chief Financial Officer and Audit Committee.

## **2.5 External Audit**

The Council of Governors shall appoint or remove the external auditor at a general meeting of the Council of Governors (FT constitution para 38).

The Audit Code for NHS Foundation Trusts ('The Audit Code') contains directions of the Independent Regulator under Schedule 7 paragraph 24 of the National Health Service Act 2006, with respect to the standards, procedures and techniques to be adopted by the Auditor.

The Trust shall apply and comply with the Audit Code.

The Auditor shall be required by the Trust to comply with the Audit Code.

In the event of the Auditor issuing a public interest report the Trust shall forward a report to the Independent Regulator within 30 days (or such shorter period as the Independent Regulator may specify) of the report being issued. The report shall include details of the Trust's response to the issues raised within the public interest report.

## **2.6 Counter Fraud**

The Trust shall take all necessary steps to counter fraud and deal effectively with security management issues affecting NHS funded services in accordance with;

- The NHS Fraud and Corruption Manual published by the Counter Fraud and Security Management Service (CFSMS)
- The main key areas of activity as outlined by NHS Protect and within an agreed work plan.
- The Trust shall nominate a suitable person to carry out duties of the Local Counter Fraud Specialist (LCFS) in accordance with the relevant Secretary of State Directions.
- The Local Counter Fraud Specialist will provide a written plan and report to the Audit Committee, at least annually, on counter fraud work within the Trust.
- The Local Counter Fraud Specialist shall report to the Chief Financial Officer and shall work with NHS Protect

## **2.7 Security Management**

In line with their responsibilities, the Chief Executive will monitor and ensure compliance with Trust contractual requirements for security management  
The Trust shall nominate a suitable person to carry out duties of the Local Security Management Specialist (LSMS) in accordance with the relevant Secretary of State Directions.

The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated via the Chief Financial Officer to Local Security Management Specialist (LSMS).

## **3. FINANCIAL PLANNING, BUDGETS, BUDGETARY CONTROL AND MONITORING**

### **3.1 Financial Planning**

The Chief Executive or nominated director will compile and submit to the Board annually a Financial Plan which takes into account financial targets as defined by the regulator. The plan will detail the significant assumptions on which it is based and contain, (but not be limited to):

- activity and income plans;
- expenditure;
- operational requirements and capacity;
- cost improvement plans;
- capital programme;
- cashflow and liquidity; and
- risk ratings.

### **3.2 Budgets**

Prior to the start of the financial year the Chief Finance Officer will, on behalf of the Chief Executive, prepare and submit budgets relating to income and expenditure for approval by the Board. Such budgets will:

- be in accordance with the aims and objectives set out in the financial plan;
- accord with workload and manpower plans;
- be produced following discussion with appropriate budget holders;
- be prepared within the limits of available funds;
- identify potential risks and mitigations;
- be based on reasonable and realistic assumptions;
- be prepared on a basis to maximise value for money; and

- enable the Trust to comply with the requirements of the Single Oversight Framework set by **NHSE**.

The Chief Finance Officer shall monitor financial performance against budget and plan, periodically review them, and report to the Board. Any significant variance should be reported by the Chief Finance Officer to the Board as soon as they come to light and the Board shall be advised of action to be taken in respect of such variances.

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

The Chief Finance Officer has a responsibility to ensure that adequate financial training is delivered on an on-going basis to budget holders to help them manage their budgets effectively.

### **3.3 Budgetary Delegation**

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

- the amount of the budget;
- the purpose(s) of each budget heading;
- individual and group responsibilities;
- authority to exercise virement;
- achievement of planned levels of service; and
- the provision of regular reports.

The Chief Executive and delegated budget holders must not exceed the budgetary total or virement limits set by the Board. Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Executive, subject to any authorised use of virement. Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the Chief Finance Officer.

### **3.4 Budgetary Control and Reporting**

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

- Statement of Comprehensive Income to date showing trends and forecast year-end position;
- Statement of Financial Position including movement in working capital;
- Cash flow;
- Capital project spend and projected outturn against plan;
- Explanations of any material variances from plan/budget;
- Details of any corrective action where necessary and the Chief Executive's and/or Chief Finance Officer's view of whether such actions are sufficient to correct the situation;
- The issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;
- Investigation and reporting of variances from financial, workload and manpower budgets;
- Monitoring of management action to correct variances;

- Arrangements for the authorisation of budget transfers;
- Advising the Chief Executive and Board of the consequences of changes in policy, pay awards and other events and trends affecting budgets and shall provide advice on the economic and financial impact of future plans and projects;
- Review of the basis and assumptions used to prepare the budgets.
- In the performance of these duties the Chief Finance Officer will have access to all budget holders on budgetary matters and shall be provided with such financial and statistical information as is necessary.

Each Budget Holder is responsible for ensuring that:

- any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the budget holder's line manager;
- officers shall not exceed the budget limit set;
- the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised, subject to the rules of virement;
- no permanent employees are appointed without the approval of the Chief Executive other than those provided for within the available resources and manpower establishment as approved by the Board.

The Chief Operating Officer and is responsible for ensuring delivery of the Trust's cost improvement programme in line with agreed schemes and with appropriate quality and equality impact assessments.

### **3.5 Capital Expenditure**

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

### **3.6 Monitoring Returns**

The Chief Executive is responsible for ensuring that the appropriate monitoring forms are submitted to **NHSE** within the specified timescales.

## **4. ANNUAL ACCOUNTS AND REPORTS**

### **4.1 Accounts**

The Foundation Trust shall prepare accounts in respect of each financial year in such form as **NHSE** may, with the approval of HM Treasury, direct. The accounts are to be audited by the Foundation Trust's External Auditor. The following documents will be made available to the Comptroller and Auditor General for examination at his request:

- the accounts;
- any records relating to them;
- any report of the External Auditor on them

The functions of the Foundation Trust with respect to the preparation of the annual accounts shall be delegated to the Accounting Officer. The Accounting Officer shall cause the Foundation Trust to prepare in respect of each financial year

annual accounts in such form as **NHSE** may, with the approval of the HM Treasury, direct. The Accounting Officer will comply in preparing accounts with HM Treasury guidance as to:

- the methods and principles according to which the accounts are to be prepared;
- the information to be given in the accounts; and
- shall be responsible for the functions of the Foundation Trust as set out in the 2006 NHS Act.

The following documents are to be presented to the Council of Governors at a general meeting of the Council of Governors:

- the annual report including the annual accounts; and
- any report of the External Auditor on them;

The Accounting Officer shall cause the Foundation Trust to lay a copy of the annual accounts, and any report of the External Auditor on them, before Parliament and once it has done so, send copies of those documents to **NHSE**.

Responsibility for complying with the requirements relating to the form, preparation and presentation of the accounts shall be delegated to the Accounting Officer.

## **4.2 Annual Reports**

The Foundation Trust shall prepare an Annual Report and send it to **NHSE**. The reports are to give information on any steps taken by the Foundation Trust to secure that (taken as a whole) the actual membership of the Public Constituency and of the classes of the Staff Constituency is representative of those eligible for such membership; and any other information **NHSE** requires.

The Foundation Trust is to comply with any decision **NHSE** makes as to the form of the reports; when the reports are to be sent to them; and the periods to which the reports are to relate.

The Financial Auditors of the Foundation Trust have a responsibility to read the information contained within the Annual Report and consider the implications for the External Audit opinion and/or certificate if there are apparent misstatements or material inconsistencies with the financial statements.

## **5. BANK AND GOVERNMENT BANKING SERVICE (GBS) ACCOUNTS**

### **5.1 General**

The Chief Finance Officer is responsible for managing the Foundation Trust banking arrangements and for advising the Foundation Trust on the provision of banking services and operation of accounts. The Board of Directors shall approve the banking arrangements.

### **5.2 Bank and GBS Accounts**

The Chief Finance Officer is responsible for:

- bank accounts and GBS accounts; and other forms of working capital financing that may be available from the Department of Health or commercial entity;
- establishing separate bank accounts for the Foundation Trust's non-exchequer funds;
- ensuring payments made from bank or GBS accounts do not exceed the amount credited to the account except where arrangements have been made;
- reporting to the Board of Directors all arrangements made with the Foundation Trust's bankers for accounts to be overdrawn (together with the remedial action taken);

All accounts should be held in the name of the Foundation Trust. No officer other than the Chief Finance Officer shall open any account in the name of the Foundation Trust or for the purpose of furthering Foundation Trust activities.

### **5.3 Banking Procedures**

The Chief Finance Officer will prepare detailed instructions on the operation of bank and GBS accounts, which must include:

- the conditions under which each bank and GBS account is to be operated;
- the limit to be applied to any overdraft; and
- those authorised to sign cheques or other orders drawn on the Foundation Trust's accounts.

The Chief Finance Officer must ensure the accounts are operated in accordance with the conditions agreed with the Foundation Trust's bankers. The Chief Finance Officer shall approve security procedures for any cheques issued without a hand-written signature. Manually produced cheques shall be signed by the authorised officer(s) in accordance with the bank mandate. All cheques shall be treated as controlled stationery, in the charge of a duly designated officer controlling their issue.

### **5.4 Trust Credit Cards**

The Chief Finance Officer shall approve the allocation and operation of credit cards on behalf of the Trust; implement arrangements to monitor whether credit cards are being used appropriately; and take action where inappropriate use is identified.

### **5.5 Tendering and Review**

The Chief Finance Officer will review the banking arrangements of the Foundation Trust at regular intervals to ensure they reflect best practice and represent best value for money by periodically seeking competitive tenders for the Foundation Trust's business banking. Competitive tenders should be sought at least every 5 years. The results of the tendering exercise should be reported to the Board of Directors. This review is not applicable to GBS accounts.

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

### **6.1 Income System**

The Chief Finance Officer is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due. All such systems shall incorporate, where practicable, in full the principles of internal check and separation of duties. The Chief Finance Officer is also responsible for the prompt banking of all monies received.

## **6.2 Fees and Charges other than Foundation Trust Contract**

The Chief Finance Officer is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health, **NHSE** or by Statute. Independent professional advice on matters of valuation shall be taken as necessary.

Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered the guidance in the Department of Health's Commercial Sponsorship - Ethical standards in the NHS (2000) shall be followed NHS England's Managing Conflicts of Interest in the NHS (2017) as well. See also Standing Orders.

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

## **6.3 Debt Recovery**

The Chief Finance Officer is responsible for the appropriate recovery action on all outstanding debts, including a formal follow up procedure for all debtor accounts. Overpayments should be detected (or preferably prevented) and recovery initiated. Income not received should be dealt with in accordance with the Losses procedure.

## **6.4 Security of Cash, Cheques and Other Negotiable Instruments**

The Chief Finance Officer is responsible for:

- approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable; (No form of receipt which has not been specifically authorised by the Chief Finance Officer should be issued);
- ordering and securely controlling any such stationery;
- the provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines; and
- prescribing systems and procedures for handling cash and negotiable securities on behalf of the Foundation Trust.

Official money shall not under any circumstances be used for the encashment of private cheques, nor IOUs. Staff shall be informed in writing on appointment of their responsibilities and duties for the collection, handling or disbursement of cash, cheques etc. All cheques, postal orders, cash etc., shall be banked promptly intact under arrangements approved by the Chief Finance Officer. Disbursements

shall not be made from cash received, except under arrangements approved by the Chief Finance Officer.

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 Foundation Trust is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Foundation Trust from responsibility for any loss.

Any loss or shortfall of cash, cheques or other negotiable instruments, however occasioned, shall be monitored and recorded within the Finance Department. Any significant trends should be reported to the Chief Finance Officer and Internal Audit via the incident reporting system. Where there is prima facie evidence of fraud or corruption this should follow the form of the Foundation Trust's Fraud and Corruption Response Plan and the guidance provided by the Counter Fraud and Security Management Service. Where there is no evidence of fraud or corruption the loss should be dealt with in line with the Foundation Trust's Losses Procedure.

## **7. FOUNDATION TRUST CONTRACTS**

### **7.1 Contracts**

7.1.1 The Chief Executive, as the Accounting Officer, is responsible for ensuring the Foundation Trust enters into suitable contracts and sub-contracts with Commissioners for the provision of Health & Care services.

7.1.2 The Foundation Trust will follow the priorities contained within the schedules of the contract, and wherever possible, be based upon integrated care pathways to reflect expected patient experience. This should take into account:

- the standards of service quality expected;
- the relevant national service framework and/or national performance metrics (if any);
- the provision of reliable information on cost and activity;
- ability to provide timely and accurate information / reports relating to agreed CQUIN targets;
- the provision of agreed information regarding outcome measures; and
- any other matters relating to contracts of a legal or non-financial nature.

7.1.3 A good contract will result from a dialogue of clinicians, users, carers, public health professionals and managers. It will reflect knowledge of local needs and inequalities. This will require the Chief Executive to ensure that the Foundation Trust works with all partner agencies involved in the both the delivery and commissioning of the service required. The contract will apportion responsibility for handling a particular risk to the party or parties in the best position to influence the event and financial arrangements should reflect this. In this way the Foundation Trust can jointly manage risk with all interested parties.

7.1.4 The table in appendix 1 section 9 outlines the delegated levels for contract signatory for expenditure and income, including contract extensions or variations that have financial impact.



7.1.5 The Chief Executive, as the Accounting Officer, will need to ensure that regular reports are provided to the Board detailing actual and forecast performance against the contract. This will include information on income and costing arrangements for the contract.

## **7.2 Non-Commercial Contract**

Where the Foundation Trust enters into a relationship with another organisation for the supply or receipt of other services - clinical or non-clinical, the responsible officer should ensure that an appropriate non-commercial contract is present and signed by both parties.

This should incorporate:

- a description of the service and indicative activity levels;
- the term of the agreement;
- the value of the agreement;
- the lead officer;
- performance and dispute resolution procedures;
- risk management and clinical governance arrangements; and
- exit provisions

Non-commercial contracts should be reviewed and agreed on an annual basis or as determined by the term of the agreement to ensure value for money and to minimise the potential loss of income.

### **Non-clinical services**

Where the Foundation Trust is placing sub-contracts for non-clinical goods and services, they should use the standard NHS terms and conditions for procuring goods and services, published by the Department of Health and Social Care.

Non-clinical services should be commissioned using the NHS Terms and Conditions for the Supply of Goods (Contract Version), the NHS Terms and Conditions for the Provision of Services (Contract Version) and the combined NHS Terms and Conditions for the Supply of Goods and the Provision of Services (Contract Version).

These contracts should be used where a signed contract is required and the commercial schedule, specification and tender response document and all other schedules will be bound together with the legal terms and conditions to form the contract.

The NHS Terms and Conditions for the Supply of Goods (Contract Version) should be used for purchasing all types of goods including medical devices and pharmaceutical products. Optional schedules can be used when installation and commissioning services and/or maintenance services are required in connection with the goods to be purchased.

The NHS Terms and Conditions for the Provision of Services (Contract Version) should be used for purchasing all types of services including facilities related services, back-office services and all types of outsourcing. This includes all instances where there will be a transfer of staff at the commencement of the services.

The combined NHS Terms and Conditions for the Supply of Goods and the Provision of Services (Contract Version) can be used for the supply of goods and services together.

The NHS Terms and Conditions for the Supply of Goods (Purchase Order Version), the NHS Terms and Conditions for the Provision of Services (Purchase Order Version) and the NHS Terms and Conditions for the Supply of Goods and the Provision of Services (Purchase Order Version) should be used where the intention is that a contract incorporating the terms and conditions is formed when you place a purchase order. There will not be a signed contract.

Some expenditure is exempt from the requirement of a purchase order (please see table 12 in the Delegated Financial Limits appendix.

### **Clinical services**

The NHS Standard Subcontract (full-length and shorter form) should be used for clinical service sub-contracting, with the full-length NHS Standard Contract and with the shorter form Contract. These model sub-contracts, provide a systematic means of flowing down the relevant provisions from the Trust's "head contract" to the sub-contractor.

Where the NHS Standard Contract is not the "head contract", the terms of the sub-contract need to reflect the "head contract" appropriately. Use of the NHS Standard Subcontract is therefore not appropriate in such cases. There is no equivalent national template form of sub-contract for use with some standard contracts e.g. dental and Public Health therefore in line with NHS Standard Contract Guidance the Foundation Trust should produce local form contracts making sure that they satisfactorily "flows down" to the sub-contractor of the relevant obligations placed on them through the header contract.

### **7.3 Tendering (where WCHC is a competing body)**

Where the Foundation Trust participates in a tendering exercise (whether in competition with others or not) for a health-related service, approval must be sought according to the delegated authority limits.

Delegated authority limits associated with tendering are outlined in appendix 1 section 9. No tender must be submitted without sign-off from the relevant authority. For absolute clarity, no Foundation Trust employee should sign a tender or contract unless they have authority, and the total contract value is within their delegated financial limits. All tender decisions will be reported to Foundation Trust Executive Leadership Team for noting.

Staff who participate in a tendering exercise must notify the Chief Strategy Officer and ensure appropriate authority is sought to tender for services.

## **8. TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF THE BOARD OF DIRECTORS AND EMPLOYEES**

### **8.1 Remuneration Committee**

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

The Committee will advise the Board of Directors about appropriate remuneration and terms of service for the Chief Executive and other Executive Directors (and other senior employees), including:

- all aspects of salary (including any performance-related elements and bonuses);
- provisions for other benefits, including pensions and cars, arrangements for termination of employment and other contractual terms;
- review recommendations to the Board of Directors on the remuneration and terms of service of Executive Directors (and other senior employees) to ensure they are fairly rewarded for their individual contribution to the Foundation Trust - having proper regard to the Foundation Trust's circumstances and performance and to the provisions of any national arrangements for such staff where appropriate;
- determine the expenses policy of the Foundation Trust
- determine the relocation policy of the Foundation Trust
- advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.

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

The Council of Governors, at a general meeting will decide the remuneration and allowances, and the other terms and conditions of office of the Non-Executive Directors (FT constitution para 34).

## **8.2 Funded Establishment**

The workforce plans incorporated within the annual budget will form the funded establishment. The staffing establishment of the Foundation Trust will be identified and monitored by the Director of People & Culture under delegation from the Chief Executive. The funded establishment of any department may not be varied without the approval of the Chief Executive or individual nominated within the relevant section of the SoRD. The Divisional Accountant is responsible for verifying that funding is available.

## **8.3 Staff Appointments**

No Executive Director or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration;

- unless authorised to do so by the Chief Executive; and
- within the limit of their approved budget and funded establishment as defined in the SoRD.

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

#### **8.4 Processing the Payroll**

The processing of the Foundation Trust's payroll is a contracted-out service. The Director of People & Culture remains responsible for:

- specifying timetables for submission of properly authorised time records and other notifications;
- the financial determination of pay and allowances; including verification that the rate of pay and relevant conditions of service are in accordance with current agreements;
- making payment on agreed dates; and
- agreeing method of payment.

The Director of People & Culture in conjunction with the Chief Finance Officer will issue instructions regarding:

- verification and documentation of data;
- the timetable for receipt and preparation of payroll data and the payment of employees and allowances;
- maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
- security and confidentiality of payroll information;
- checks to be applied to completed payroll before and after payment;
- authority to release payroll data under the provisions of the Data Protection Act;
- methods of payment available to various categories of employee;
- procedures for payment by cheque, bank credit, or cash to employees
- procedures for the recall of cheques and bank credits;
- pay advances and their recovery;
- maintenance of regular and independent reconciliation of pay control accounts;
- separation of duties of preparing records and handling cash; and
- a system to ensure the recovery from leavers of sums of money and property due by them to the Foundation Trust.

Appropriately nominated managers have delegated responsibility for:

- processing a signed copy of the contract / appointment form and such other documentation as may be required immediately upon an employee commencing duty;
- submitting time records, and other notifications in accordance with agreed timetables;
- completing time records and other notifications in accordance with the Chief Executives Instructions and in the form prescribed by the Chief Executive; and
- submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's resignation, termination or retirement. Where an employee fails to report for duty in circumstances that suggest they have left without notice, the Director of People & Culture must

be informed immediately. In circumstances where fraud might be expected this must be reported to the Chief Finance Officer.

Regardless of the arrangements for providing the payroll service, the Chief Executive in conjunction with the Director of People & Culture 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.

## **8.5 Contracts of Employment**

The Board of Directors shall delegate responsibility to a manager for:

- ensuring that all employees are issued with a Contract of Employment in a form approved by the Board of Directors and which complies with employment and Health & Safety legislation; and
- dealing with variations to, or termination of, contracts of employment.

## **9. NON-PAY EXPENDITURE**

### **9.1 Delegation of Authority**

The Board of Directors will approve the level of non-pay expenditure on regular basis and the Chief Executive will determine the level of delegation to budget holders.

The Chief Executive will set out;

- the list of managers who are authorised to place requisitions for the supply of goods and services which should be updated and reviewed on an on-going basis and annually by the Finance & Procurement Departments.
- where the authorisation system is computerised the list will be maintained within the computerised system and the 'signature' will be in the form of electronic authorisation in accordance with the access and authority controls maintained within the computerised system; and
- the maximum level of each requisition and the system for authorisation above that level.

The Chief Executive 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**

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 Foundation Trust. In so doing, the advice of the Foundation Trust's advisor shall be sought. Where this advice is not acceptable to the requisitioner, the Chief Finance Officer (and/or the Chief Executive) shall be consulted.

The Chief Finance Officer shall be responsible for the prompt payment of properly authorised accounts and claims in accordance with the Better Payment Practice

Code (BPPC). Payment of contract invoices shall be in accordance with contract terms, or otherwise, in accordance with national guidance.

The Chief Finance Officer will:

- 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 the Scheme of Reservation and Delegation and regularly reviewed;
- Prepare procedural instructions where not already provided in the Scheme of Reservation and Delegation or procedure notes for budget holders on the obtaining of goods, works and services incorporating the thresholds;
- Be responsible for the prompt payment of all properly authorised accounts and claims;
- Be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable.

The system shall provide for:

- A list of directors/employees (including specimens of their signatures) authorised to approve or incur expenditure. Where the authorisation system is computerised the list will be maintained within the computerised system and the 'signature' will be in the form of electronic authorisation in accordance with the access and authority controls maintained within the computerised system.
- Certification that;
  - goods have been duly received, examined and are in accordance with specification and the prices are correct;
  - work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
  - in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;
  - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
  - the account is arithmetically correct;
  - the account is in order for payment.
- A timetable and system for submission to the Chief Finance Officer of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment.
- Instructions to employees regarding the handling and payment of accounts within the Finance Department.
- Responsibility for ensuring that payment for goods and services is only made once the goods and services are received, (except as below).

Prepayments outside of normal commercial arrangements, for example fully comprehensive maintenance contracts, rental, insurance, and training are only permitted where exceptional circumstances apply. In such instances:

- 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;
- The appropriate officer in conjunction with the Procurement Department 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 Foundation Trust if the supplier is at some time during the course of the prepayment agreement unable to meet their commitments;
- The Chief Finance Officer will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold); and
- The Budget Holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate Director or Chief Executive if problems are encountered.

Official Orders must:

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

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

- All contracts other than for a simple purchase permitted within the Scheme of Reservation and Delegation or delegated budget, leases, tenancy agreements and other commitments which may result in a liability are notified to the Chief Finance Officer in advance of any commitment being made;
- Contracts above specified thresholds are advertised and awarded in accordance with Public Contract Regulations (2015) on public procurement;
- Where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health;
- Where an officer certifying accounts relies upon other officers to do preliminary checking, they shall wherever possible, ensure that those who check delivery or execution of work act independently of those who have placed orders and negotiated prices and terms.
- No order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to directors or employees, other than:
  - isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;
  - conventional hospitality, such as lunches in the course of working visits;
- No requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Chief Finance Officer on behalf of the Chief Executive;
- All goods, services, or works are ordered on an official order except works and services executed in accordance with a contract and purchases from petty cash or on purchasing cards;
- Verbal orders must only be issued very exceptionally - by an employee designated by the Chief Executive and only in cases of emergency or urgent

necessity. These must be confirmed by an official order, and clearly marked "Confirmation Order".

- Orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- Goods are not taken on trial or loan in circumstances that could commit the Foundation Trust to a future un-competitive purchase;
- Purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Chief Finance Officer ;
- Petty cash records are maintained in a form as determined by the Chief Finance Officer; and,
- Orders are not required to be raised for utility bills, NHS Recharges; and ad hoc services such as private hospital fees. Payments must be authorised in accordance with the delegated limits set for non-pay.

The Chief Executive and Chief Finance Officer shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with relevant Public Contract Regulations (2015) and IFRS accounting guidance.

Under no circumstances should goods be ordered through the Foundation Trust for personal or private use with the exception of permitted schemes such as lease cars or the cycle to work scheme.

### **9.3 Joint finance arrangements with local authorities and voluntary bodies**

Payments to local authorities and voluntary organisations made shall comply with procedures laid down by the Chief Finance Officer.

## **10. FINANCIAL FRAMEWORK**

The Chief Finance Officer should ensure that members of the Board are aware of the Financial Framework issued by **NHSE** and the requirements of the annual planning guidance.

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

### **11.1 Capital investment**

The Chief Executive:

- 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;
- is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;
- shall ensure that the capital investment is not undertaken without the availability of resources to finance all revenue consequences, including capital charges; and
- that **NHSE** is notified if the Foundation Trust has plans for material transactions in accordance with the thresholds defined in **NHSE's** Single Oversight Framework. **NHSE** will determine whether they class the transaction as material or significant. Material investments can, under specific



conditions set out in **NHSE's** Compliance Framework, be approved by the FT's Board of Directors. Significant investments must be assessed by **NHSE** before the Foundation Trust can proceed. In addition all transactions which potentially impact the Financial Sustainability Risk Rating must also be notified to **NHSE**. All PFI transactions require **NHSE** assessment. All decisions to borrow money, from any source, will be rigorously reviewed by the Board of Directors and the Foundation Trust will undertake its own financial due diligence using independent financial experts prior to making any decision.

For capital expenditure proposals the Chief Executive shall ensure *(in accordance with the limits outlined in the Scheme of Reservation and Delegation - Delegated Financial Limits)*;

- that a business case is produced setting out:
  - an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
  - appropriate project management and control arrangements; and
  - the involvement of appropriate Foundation Trust personnel and external agencies
- that the Chief Finance Officer has sought professional advice and assurance regarding the capital costs and has assessed and verified the revenue consequences detailed in the business case.

For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management. The Chief Finance Officer shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.

The approval of a capital programme shall not constitute approval for expenditure on any scheme. The Chief Executive shall issue to the manager responsible for any scheme:

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

The Chief Executive will issue a Scheme of Reservation and Delegation for capital investment management which will be detailed in the Foundation Trust's Governance Manual.

The Chief Finance Officer shall 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 the delegated limits for capital schemes.

## **11.2 Private Finance**

The Foundation Trust should normally test for PFI when considering capital procurement. When the Board proposes, or is required, to use finance provided by the private sector the following should apply:

- the Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector;

- where the sum involved exceeds delegated limits, the business case must be referred to the appropriate external authoriser Department of Health / **NHSE** for approval or treated as per current guidelines.
- the proposal must be specifically agreed by the Foundation Trust in the light of such professional advice as should reasonably be sought in particular with regard to vires; and
- the selection of a contractor/finance company must be on the basis of competitive tendering or quotations.

### **11.3 Asset registers**

The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Chief Finance Officer concerning the form of any register and the method of updating and arranging for a physical check of assets against the Asset Register to be conducted on a regular basis. The Foundation Trust shall maintain an Asset Register recording fixed assets and additions to the Fixed Asset Register must be clearly identified to an appropriate budget holder and be validated by reference to:

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

Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate). The Chief Finance Officer shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on Fixed Asset Registers. The value of each asset shall be adjusted to current values in accordance with the principles outlined in the Annual Reporting Manual issued by **NHSE** and the value of each asset shall be depreciated also adhering to the methodology set out in the Annual Reporting Manual.

Any disposal of fixed assets must be in compliance with the Terms of the Trust License specifically section 5 conditions COS2 - restriction on the disposal of assets.

### **11.4 Security of assets**

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

- recording managerial responsibility for each asset;
- identification of additions and disposals;
- identification of all repairs and maintenance expenses;
- physical security of assets;

- periodic verification of the existence of, condition of, and title to, assets recorded;
- identification and reporting of all costs associated with the retention of an asset; and
- reporting, recording and safekeeping of cash, cheques, and negotiable instruments.

All significant discrepancies revealed by verification of physical assets to the Fixed Asset Register shall be notified to the Chief Finance Officer. Whilst each employee has a responsibility for the security of property of the Foundation Trust, it is the responsibility of directors and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the Board of Directors. Any breach of agreed security practices must be reported in accordance with instructions.

Any damage to the Foundation 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. Where practical, assets should be marked as Trust property.

## **12. STOCKS, STORES AND RECEIPT OF GOODS**

### **12.1 Stocks**

Stocks are defined as those goods normally utilised in day to day activity, but which at a given point in time have not been used or consumed. There are three broad types of store;

- Controlled stores - specific areas designated for the holding and control of goods;
- Clinical areas and departments - goods required for immediate usage to support operational services; and
- Manufactured items - where goods and consumables are being made or processes are being applied which add to the raw material cost of the goods.
- Such stocks should be kept to a minimum and for;
  - controlled stores and other significant stores (as determined by the Chief Finance Officer) should be subjected to an annual stocktake or perpetual inventory procedures; and
  - valued at the lower of cost and net realisable value.

Subject to the responsibility of the Chief Finance Officer for the systems of control, overall responsibility for the control of stores shall be delegated to an employee by the Chief Executive. The day-to-day responsibility may be delegated by them to departmental employees and stores managers / keepers, subject to such delegation being entered in a record available to the Chief Finance Officer. The control of any pharmaceutical stocks shall be the responsibility of a designated Pharmaceutical Officer. The responsibility for security arrangements and the custody of keys for all stores and locations shall be clearly defined in writing by the designated manager. Wherever practical, stocks should be marked as NHS property. The Chief Finance Officer shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, returns to stores and losses.

Stocktaking arrangements shall be agreed with the Chief Finance Officer and

there shall be a physical check covering all items in store at least once a year. Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Chief Finance Officer. The designated manager shall be responsible for a system approved by the Chief Finance Officer for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Chief Finance Officer any evidence of significant overstocking and of any negligence or malpractice (see also section 13 – Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

## **12.2 Receipt of Goods**

A delivery note shall be obtained from the supplier at the time of delivery and shall be signed by the person receiving the goods. All goods received shall be checked, by the appropriate department, as regards quantity and / or weight and inspected as to quality and specification. Instructions shall be issued to staff covering the procedures to be adopted in those cases where a delivery note is not available. All goods received shall be entered onto an appropriate goods received / stock record (whether a computer or manual system) on the day of receipt. If goods received are unsatisfactory, the records shall be marked accordingly. Further, where the goods received are found to be unsatisfactory or short on delivery, they shall only be accepted on the authority of the designated officer and the supplier shall be notified immediately. For goods supplied via the NHS Supply Chain central warehouses, the Chief Executive shall identify those authorised to requisition and accept goods from the store. The authorised person shall check receipt against the delivery note to satisfy themselves that the goods have been received. The Finance Department will make payment on receipt of an invoice. This may also apply for high volume low value items such as stationery.

## **13. DISPOSALS AND CONDEMNATIONS, INSURANCE, LOSSES AND SPECIAL PAYMENTS**

### **13.1 Disposals and condemnations**

The Chief Finance Officer must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers. When it is decided to dispose of a Foundation Trust asset, the head of department or authorised deputy will determine and advise the Chief Finance Officer of the estimated market value of the item, taking account of professional advice where appropriate. All unserviceable articles shall be:

- condemned or otherwise disposed of by an employee authorised for that purpose by the Chief Finance Officer;
- recorded by the condemning officer in a form approved by the Chief Finance Officer which will indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the Chief Finance Officer.

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

## 13.2 Losses and special payments

### Losses

The Chief Finance Officer must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments. The Chief Finance Officer must also prepare a fraud response plan that sets out the action to be taken both by persons detecting a suspected fraud and those persons responsible for investigating it.

Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately inform the Chief Finance Officer who will liaise with the Chief Executive or inform an officer charged with responsibility for responding to concerns involving loss confidentially. This officer will then appropriately inform the Chief Finance Officer who will liaise with the Chief Executive.

Where a criminal offence is suspected, the Chief Finance Officer must immediately inform the police if theft or arson is involved. In cases of fraud or corruption or of anomalies which may indicate fraud, bribery or corruption, the Chief Finance Officer must inform their Local Counter Fraud Specialist who will inform NHS Protect regional team **before** any action is taken and reach agreement how the case is to be handled. For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Chief Finance Officer must immediately notify;

- the Board of Directors, and
- the External Auditor
- NHS Protect (through the Local Counter Fraud Specialist)

The Chief Finance Officer shall be authorised to take any necessary steps to safeguard the Foundation Trust's interests in bankruptcies and company liquidations. For any loss, the Chief Finance Officer should consider whether any insurance claim can be made.

### Write-Offs and Special Payments

The writing-off of debts, the abandonment of claims and the making of any kind of special or ex-gratia payments will be approved in accordance with the scheme of delegation. In approving the write-off of debts consideration will be made of the nature of the monies owed and the likelihood of the receipt of monies against any costs which may be incurred in attempting to recover the debt. In approving special payments account will be taken of national guidance, any precedents and any potential for admitting liability for further claims.

The Chief Finance Officer shall maintain a Losses and Special Payments Register in which write-off action is recorded. All losses and special payments must be reported to the Audit Committee.

## 13.3 Compensation Claims

The Foundation Trust is committed to effective and timely investigation and response to any claim which includes allegations of clinical negligence, employee

and other compensation claims. The Foundation Trust will follow the requirements and note the recommendations of the Department of Health, and NHS Resolution in the management of claims. Every member of staff is expected to co-operate fully, as required, in assessment and management of each claim. The Foundation Trust will seek to reduce the incidence and adverse impact of clinical negligence, employee and other litigation by;

- Adopting prudent risk management strategies including continuous review.
- Implementing in full the NHS Complaints Procedure, thus providing an alternative remedy for some potential litigants.
- Adopting a systematic approach to claims handling in line with the best current and cost effective practice.
- Following guidance issued by NHS Resolution relating to clinical negligence.
- Complying with Care Quality Commission Regulations.
- Implementing an effective system of Clinical Governance

The Medical Director is responsible for managing the clinical negligence governance framework: for managing the claims process and informing the Board of Directors of any major developments on claims related issues.

## **14. INFORMATION TECHNOLOGY**

### **14.1 Responsibilities and Duties of the Chief Finance Officer**

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

- devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Foundation Trust's data, programs and computer hardware for which they are responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998 (update 2000) and the Computer Misuse Act 1990;
- ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
- ensure that adequate controls exist to maintain the security, privacy, accuracy and completeness of financial data sent via transmission networks;
- ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as they may consider necessary are being carried out.

The Chief Finance Officer shall satisfy themselves that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy will be obtained from them prior to implementation.

### **14.2 Freedom of Information**

The Director of Corporate Affairs / SIRO shall also publish and maintain a Freedom of Information (FOI) Publication Scheme, or adopt a model Publication Scheme approved by the Information Commissioner. A Publication Scheme is a complete guide to the information routinely published by a public authority. It

describes the classes or types of information about our Foundation Trust that we make publicly available.

## **14.3 Responsibilities and Duties of other Directors and Officers in relation to IM&T and Information Governance**

### **14.3.1 General**

In order to ensure compatibility and compliance with the Trust's IM&T Strategy, no computer hardware, software or facility will be procured without authorisation of the Chief Finance Officer and Chief Information Officer.

### **14.3.2 Information Governance**

The Head of Information Governance together with the Head of Procurement are to ensure that all Trust contracts and SLAs have appropriate clauses to protect the Trust and its staff, patients and other stakeholders from any risk of breach of confidentiality or breach of Information Governance standards.

### **14.3.3 Risk Assessment**

The Chief Strategy Officer shall ensure that risks to the Foundation Trust arising from the use of IT are effectively identified and considered and appropriate action taken to mitigate or control risk. This shall include the preparation and testing of appropriate disaster recovery plans. The Foundation Trust shall disclose to **NHSE** and directly to any third parties, as may be specified by the Secretary of State, the information, if any, specified in the Terms of Authorisation, Schedule 6. Other information, as requested, shall be provided to **NHSE**

## **15. FUNDS HELD ON TRUST**

### **15.1 Corporate Trustee**

Management and administration of the Foundation Trust's Charitable Funds is undertaken on behalf of the Foundation Trust by Cheshire and Wirral Partnerships NHS Foundation Trust.

The Foundation Trust is responsible, as a corporate Trustee, for the management of funds it holds on Trust and shall comply with Charities Commission latest guidance and best practice.

The discharge of the Foundation Trust's corporate Trustee responsibilities are distinct from its responsibilities for exchequer funds and may not necessarily be discharged in the same manner, but there must still be adherence to the overriding general principles of financial regularity, prudence and propriety. Trustee responsibilities cover both charitable and non-charitable purposes.

The Chief Finance Officer shall ensure that each fund which the Foundation Trust is responsible for managing is managed appropriately with regard to its purpose and to its requirements.

## **15.2 Accountability to Charity Commission and Secretary of State for Health**

The Trustee responsibilities must be discharged separately and full recognition given to the Foundation Trust's dual accountabilities to the Charity Commission for charitable funds held on Trust and to the Secretary of State for all funds held on Trust.

The Schedule of Matters Reserved to the Board and the Scheme of Delegation make clear where decisions regarding the exercise of discretion regarding the disposal and use of the funds are to be taken and by whom. All Board members and Officers must take account of that guidance before taking action.

## **15.3 Applicability of Standing Financial Instructions to funds held on Trust**

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

The over-riding principle is that the integrity of each Trust must be maintained and statutory and Foundation Trust obligations met. Materiality must be assessed separately from Exchequer activities and funds.

# **16. TENDERING AND CONTRACT PROCEDURE**

## **16.1 Duty to comply with Standing Orders and SFIs**

The procedure for making all contracts by or on behalf of the Foundation Trust shall comply with the Standing Orders and SFIs (except where Suspension of Standing Orders is applied).

## **16.2 Directives Governing Public Procurement**

Directives by the Public Contract Regulations (2015) promulgated by the Department of Health (DH) prescribing procedures for awarding all forms of contracts shall have effect as if incorporated in the Standing Orders and SFIs. Procedure notes detailing Public Contract Regulations (2015) thresholds and the differing procedures to be adopted must be maintained within the Foundation Trust.

## **16.3 Formal Competitive Tendering**

The Foundation Trust shall ensure that competitive tenders are invited for:

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

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

Formal tendering procedures are not required where:



- the estimated expenditure or income does not, or is not reasonably expected to, exceed the limit set in the SoRD, (this figure to be reviewed annually); or
- the supply is proposed under special arrangements negotiated by the Department of Health in which event the said special arrangements must be complied with; or
- regarding disposals as set out in SFIs 'Disposals and Condemnations'.

Formal tendering procedures **may be waived** in the following circumstances:

- In very exceptional circumstances where the Chief Executive decides that formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate Foundation Trust record;
- Where the requirement is covered by an existing contract;
- Where public sector framework agreements are in place and have been approved by the Board of Directors;
- Where a consortium arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the consortium members;
- Where the timescale genuinely precludes competitive tendering. However, failure to plan the work properly would not be regarded as a justification for a single tender;
- Where specialist expertise is required and is available from only one source for technical or artistic reasons or for reasons connected with the protection of exclusive rights where no reasonable alternative or substitute exists and the absence of competition is not the result of an artificial narrowing down of the parameters of the procurement;
- When the task is essential to complete the project, and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate, provided that the value of such additional works or services does not exceed 50% of the value of the original contract ;
- 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 and that the value of such additional works or services does not exceed 50% of the value of the original contract;

The Chief Finance Officer will ensure that any fees paid are reasonable and within commonly accepted rates for the costing of such work. The waiving of competitive tendering procedures should not be used to avoid competition or for administrative convenience or to award further work to a consultant originally appointed through a competitive procedure.

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

#### **16.4 Fair and Adequate Competition**

Where applicable the Foundation Trust shall ensure that invitations to tender are sent to a sufficient number of suppliers / individuals to provide fair and

adequate competition as appropriate, and in no case less than three suppliers / individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.

#### **16.5 Building and Engineering Construction Works**

Competitive Tendering cannot be waived for building and engineering construction works and maintenance (other than in accordance with Public Contract Regulations (2015) without Department of Health approval.

#### **16.6 Items which subsequently breach thresholds after original approval**

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

#### **16.7 Contracting / Tendering Procedure**

All tenders for services with a value greater than £50,000 (exc VAT) must be published on the national contracts finder website.

#### **16.8 Invitation to tender**

1. all invitations to tender shall state the date and time as being the latest time for the receipt of tenders;
2. all invitations to tender shall state the procedures to be followed in submitting the tender;
3. every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable;
4. every tender for building or engineering works should be subject to the appropriate form of contract.

#### **16.9 Receipt and Safe custody of Tenders**

Tenders will be carried out using an electronic tendering system. The Chief Executive or their nominated representative will be responsible for the system to track the receipt, endorsement and safe custody of tenders received until the time appointed for their opening. The data and time of receipt of each tender shall be recorded. Access to the electronic tendering system will be by username and password and a full audit trail will be maintained. The system will ensure that submitted tenders, apart from in-house bids, cannot be accessed by any member of the Trust until after the closing date.

#### **16.10 Opening Tenders and Register of Tenders**

As soon as possible after the date and time stated as being the latest time for the receipt of tenders, they shall be opened by the Procurement lead, designated by the Chief Executive and not from the originating department;

The 'originating' Department will be taken to mean the department sponsoring or commissioning the tender. The involvement of Finance Department staff in the preparation of a tender proposal will not preclude the Chief Finance Officer or any approved Senior Manager from the Finance Department from serving as one of the managers to open tenders;

The date and time of the designated person opening every tender will be recorded in the audit trail of the trusts electronic tendering system;

An electronic audit record shall be maintained by the trusts e-tendering portal and maintained by the Head of Procurement, designated by the Chief Executive, or a person authorised by them, to show for each set of competitive tender invitations despatched:

- the name of all suppliers individuals invited;
- the names of suppliers individuals from which tenders have been received;
- the date tenders were opened;
- the person opening the tenders;
- the price shown on each tender; and
- a note where alterations have been accepted;

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 their 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 below).

#### **16.11 Admissibility**

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

#### **16.12 Late Tenders**

Tenders received after the due time and date, but prior to the opening of the other tenders, may be considered only if the Chief Executive or their nominated officer decides that there are exceptional circumstances i.e. despatched in good time but delayed through no fault of the tenderer ie system failure. Only in the most exceptional circumstances will a tender be considered which is received after the opening of the other tenders, where significant financial, technical or delivery advantages would accrue and are satisfied that there is no reason to doubt the legitimacy and only then if the tenders that have been opened have not left the custody of the e-tendering portal or if the process of evaluation and adjudication has not started. 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 in the trusts e-tendering portal.

#### **16.13 Acceptance of formal tenders**

Any discussions with a tenderer which are deemed necessary to clarify technical aspects of their tender before the award of contract will not disqualify the tender. The tender which is the most economically advantageous to the Trust will be accepted. The weighting of finance, quality and other measures in

determining the most economically advantageous tender will be consistent with the invitation to tender.

No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the Foundation Trust and which is not in accordance with these Instructions except with the authorisation of the Chief Executive.

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

#### **16.14 Tender reports to the Board of Directors**

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

#### **16.15 General Position on quotations**

Quotations are required where formal tendering procedures are not adopted and where the intended expenditure or income exceeds, or is reasonably expected to exceed the sum defined in the SoRD.

#### **16.16 Competitive Quotations (£10-50k)**

Quotations should be obtained from at least three suppliers / individuals based on specifications or terms of reference prepared by, or on behalf of, the Foundation Trust. Quotations must be obtained via the Trusts e-tendering portal via the procurement Team. For the avoidance of doubt, writing includes electronic means which can be permanently recorded. All quotations should be treated as confidential and should be retained for inspection. The Chief Executive or their nominated officer should evaluate the quotation and select the quote which is the most economically advantageous to the Trust. The factors used to determine economic advantage should be recorded in a permanent record.

#### **16.17 Quotations to be within Financial Limits**

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

#### **16.18 Authorisation of Tenders and Competitive Quotations**

Providing all the conditions and circumstances set out in these SFIs have been fully complied with, formal authorisation and awarding of a contract may be decided by the staff as defined in Section 9 of the SoRD. These levels of authorisation may be varied or changed. Formal authorisation must be put in writing. In the case of authorisation by the Board of Directors this shall be recorded in their minutes.

#### **16.19 Instances where formal competitive tendering or competitive quotation is not required**

Where competitive tendering or a competitive quotation is not required the

Foundation Trust should adopt one of the following alternatives;

- the Foundation Trust shall use the NHS Supply Chain or other national contracts/frameworks for procurement of all goods and services unless the Chief Executive or nominated officer deems it inappropriate. The decision to use alternative sources must be documented; and
- If the Foundation Trust does not use the NHS Supply Chain or other national contracts/frameworks – where tenders or quotations are not required, because expenditure is below the levels defined in the SoRD, the Foundation Trust shall procure goods and services in accordance with procurement procedures approved by the Chief Finance Officer.

#### **16.20 Private Finance for Capital Procurement**

The Foundation Trust should normally market-test for PFI (Private Finance Initiative funding) when considering a capital procurement. When the Board proposes, or is required, to use finance provided by the private sector the following should apply:

- The Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers an appropriate proportion of risk to the private sector;
- Where the sum exceeds delegated limits, a business case must be referred to **NHSE** in accordance with guidelines in the Single Oversight Framework;
- The proposal must be specifically agreed by the Board of the Foundation Trust; and
- The selection of a contractor / finance company must be on the basis of competitive tendering or quotations.

#### **16.21 Compliance requirement for all contracts**

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

- The Foundation Trust's SOs and SFIs;
- Public Contract Regulations (2015) and other statutory provisions;
- Such of the NHS Standard Contract Conditions as are applicable;
- Contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance;
- Where appropriate contracts shall be in or embody the same terms of conditions of contract as was the basis on which tenders or quotations were invited; and
- **NHSE** principles / regulations.

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

#### **16.22 Personnel and Agency or Temporary Staff Contracts**

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

service contracts. All contracts should be compliant with DH / HMRC tax rules and mitigate the Trust's liability for individual non-compliance accordingly.

### **16.23 Foundation Trust Contracts / Healthcare Service Agreements**

Service agreements with NHS providers for the supply of healthcare services are not contracts in law and therefore not enforceable by the courts. However, a contract with a Foundation Trust, being a Public Benefits Corporation, is a legal document and is enforceable in law.

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

### **16.24 Disposals**

Competitive Tendering or Quotation procedures shall not apply to the disposal of:

- any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the Chief Executive or their nominated officer;
- obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy of the Foundation Trust;
- items to be disposed of with an estimated sale value of less than that defined on the Scheme of Delegation, this figure to be reviewed on a periodic basis;
- items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract; and
- land or buildings concerning which DH guidance has been issued but subject to compliance with such guidance.

All contractors should be compliant with DH / HMRC tax rules and mitigate the Trust's liability for individual non-compliance accordingly;

**For any of the conditions noted above, check with the financial accountant prior to progressing.**

### **16.25 In-house Services**

The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis. The Foundation Trust may also determine from time to time that in-house services should be market tested by competitive tendering. In all cases where the Board of Directors determines that in-house services should be subject to competitive tendering the following groups shall be set up:

- Specification Group, comprising the Chief Executive or nominated officer/s and Specialist;
- In-house tender group, comprising a nominee of the Chief Executive and technical support; and
- Evaluation team, comprising normally a specialist officer, a supplier's officer and a Chief Finance Officer representative.

All groups should work independently of each other and individual officers may be a member of more than one group but no member of the in-house tender group may participate in the evaluation of tenders. The evaluation team shall make recommendations to the Board of Directors and the Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the Foundation Trust.

Where the Trust is considering providing a service in-house which is currently contracted-out the same groups should be set up to evaluate the service and make recommendations to the Board of Directors.

#### **16.26 Applicability of SFIs on Tendering and Contracting to funds held in trust**

These instructions shall not only apply to expenditure from Exchequer funds but also to works, services and goods purchased from the Foundation Trust's charity and private resources. There may be times when instructions may be waived e.g. when there is an opportunity to purchase an asset of strategic importance / benefit to the Trust.

### **17. ACCEPTANCE OF GIFTS AND HOSPITALITY BY STAFF**

The Chief Finance Officer shall ensure all staff and any other interested and applicable parties are made aware of the Foundation Trust Policy - GP7 Declaration of Interests, Gifts, Hospitality and Outside Employment and the Standards of Business and Personal Conduct. This policy makes due provision to the Bribery Act 2010 and reflects the conflicts of interest guidance issued by NHS England. The policy is deemed to be an integral part of the Foundation Trust's Governance Manual and SFIs.

### **18. PAYMENTS TO INDEPENDENT CONTRACTORS**

The Foundation Trust will approve additions to, and deletions from, approved lists of contractors, taking into account the health needs of the local population, and the access to existing services. All applications and resignations received shall be dealt with equitably, within any time limits laid down in the contractors' NHS terms and conditions of service.

The Chief Executive shall;

- ensure that lists of all contractors, for which the Foundation Trust is responsible, 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 appropriate contractor's terms and conditions of service. The Chief Finance Officer shall:
- ensure that only contractors who are included on the Foundation Trust's approved lists receive payments;
- maintain a system of payments such that all valid contractors' claims are paid promptly and correctly, and are supported by the appropriate documentation and signatures;
- ensure that regular independent verification of claims is undertaken, to confirm that rules have been correctly and consistently applied;
- overpayments are detected (or preferably prevented) and recovery initiated;
- suspicions of possible fraud are identified and subsequently dealt with; and
- ensure that arrangements are in place to identify contractors receiving exceptionally high, low or no payments, and highlight these for further investigation.

## **19. RETENTION OF DOCUMENTS**

### **19.1 Context**

All NHS records are public records under the terms of the Public Records Act 1958 section 3 (1) - (2). The Secretary of State for Health and all NHS organisations have a duty under this Act to make arrangements for the safe keeping and eventual disposal of all types of records. In addition, the requirements of the Data Protection Act 1998 and the Freedom of Information Act 2000 must be achieved.

### **19.2 Accountability**

The Chief Executive and senior managers are personally accountable for records management within the organisation. Additionally, the organisation is required to take positive ownership of, and responsibility for, the records legacy of predecessor organisations and/or obsolete services. Under the Public Records Act all NHS employees are responsible for any records that they create or use in the course of their duties. Thus any records created by an employee of the NHS are public records and may be subject to both legal and professional obligations.

The Chief Executive shall be responsible for maintaining archives for all documents required to be retained under the direction contained in Department of Health guidance, Records Management Code of Practice.

### **19.3 Types of Record Covered by the Code of Practice**

The guidelines apply to NHS records of all types (including records of NHS patients treated on behalf of the NHS in the private healthcare sector) regardless of the media on which they are held:

- Patient health records (electronic or paper based);
- Records of private patients seen on NHS premises;
- Accident and emergency, birth and all other registers;
- Theatre registers and minor operations (and other related) registers;
- Administrative records (including e.g. personnel, estates, financial and accounting records, notes associated with complaint-handling);
- X-ray and imaging reports, output and other images;
- Photographs, slides and other images;
- Microform (i.e. fiche / film);
- Audio and video tapes, cassettes, CD-ROM etc.;
- Emails;
- Computerised records;
- Scanned records;
- Text messages (both out-going from the NHS and in-coming responses from the patient).

The documents held in archives shall be capable of retrieval by authorised persons and documents held in accordance with the Records Management Code of Practice shall only be destroyed at the express instigation of the Chief Executive; records shall be maintained of documents so destroyed.



## **20. RISK MANAGEMENT**

### **20.1 Programme of Risk Management**

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

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

The existence, integration and evaluation of the above elements will assist in providing a basis to make the Annual Governance Statement within the Annual Report and Accounts as required by current Department of Health guidance.

### **20.2 Insurance Arrangements**

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

In addition, the Board of Directors will need to consider the implications of leaving the NHS Resolution scheme upon its quality profile as determined by **NHSE** and the CQC.

### **20.3 Insurance arrangements with commercial insurers**

The following areas are not covered by NHS Resolution schemes and therefore need to be covered by commercial insurance or self-insurance:

- Motor vehicles owned by the Foundation Trust including insuring third party liability arising from their use;
- Where the Foundation Trust is involved with a consortium in a Private Finance Initiative (PFI) contract and the other consortium members require that commercial insurance arrangements are entered into; and
- Income generation schemes are not covered by NHS Resolution schemes. If the income generation activity is also an activity normally carried out by the Foundation Trust for a NHS purpose the activity may be covered in the risk pool. Confirmation of coverage in the risk pool must be obtained from NHS Resolution.

In any case of doubt concerning a Foundation Trust's powers to enter into commercial insurance arrangements the Chief Finance Officer should consult the Department of Health.

#### **20.4 Arrangements to be followed by the Board of Directors in agreeing Insurance cover**

The Chief Finance Officer shall examine the options with regards to insurance cover and make a recommendation to the Board on which arrangements, or combination of arrangements, represent the best value for money for the Foundation Trust. In coming to their decision the Board will take account of the impact of a major incident / loss on the operation and reputation of the Trust.

Where the Board decides to use commercial insurance the insurance contract will be let subject to the procurement rules set out in these SFIs. The Chief Finance Officer should ensure documented procedures also cover the management of claims and payments below the deductible in each case and will maintain records of the policies and insurance certificates in line with the retention of records policy.

## DELEGATED FINANCIAL LIMITS - Updated May 2023

<b>Financial Limits</b> (subject to funding available in budget)		
	<b>Value</b>	<b>Delegation</b>
<b>1. Gifts and Hospitality</b>		
Any gifts or hospitality or offers of gifts or hospitality which exceed the £25 threshold must be declared.  Low-cost branded aids offered by a supplier or contractor should only be accepted if their value does not exceed the industry standard of £6 (as per NHS England guidance)	£25	Chief Finance Officer
<b>2. Legal / Litigation Claims</b>		
Most claims will be covered by NHSLA, any other litigation claims should be reported to Board via the Quality & Safety Committee	Over £500,000	Board of Directors
	Up to £500,000	Chief Executive
	Up to £100,000	Chief Finance Officer
	Up to £10,000	Claims Manager
<b>3. Losses, Compensation &amp; Special Payments - All to be reported to the Audit Committee</b>		
This includes losses relating to fruitless payments (including abandoned capital schemes), loss of cash due to theft, fraud, overpayments, damage to buildings, fittings, ex gratia payments, write offs, bad debts and compensation payments	Over £50,000	Board of Directors
	Up to £50,000	Chief Executive / Chief Finance Officer
	Up to £1,000 (Write offs, bad debts and ex gratia payments only)	Deputy Chief Finance Officer
<b>4. Petty Cash Disbursements</b>		
Small incidental items of expenditure	Up to £100	Budget Holder / Chief Financial Accountant
<b>5. Authorisation of Sponsorship Deals</b>		
A central register of sponsorships will be maintained by the Director of Corporate Affairs for reporting to Audit Committee	Above £50,000	Board of Directors
	Up to £50,000	Chief Executive / Chief Finance Officer
	Up to £1,500	Budget Holder
<b>6. Agency Staff</b>		
Any agency staff, including medical locums, subject to <b>NHSE</b> guidelines.  No agency staff can be approved outside of a framework agreement and/or at a rate greater than £100 per hour without the authorisation of the Chief Executive	Over £50,000	Board of Directors
	Up to £50,000	Chief Executive
	Up to £25,000	Executive Directors
	Up to £10,000	Deputy Directors, Senior Manager On Call
	Up to £5,000	Service Directors (no other managers can approve the use of agency)

7. Management Consultants				
Adherence to SFIs is required for tendering of services	Over £50,000		Board of Directors	
	Up to £50,000		Chief Executive	
	Up to £10,000		Chief Finance Officer	
8. Capital Expenditure and Disposals (including IT Equipment)				
<p>The annual capital programme will be submitted to the Board for overall approval prior to the new financial year following approval through Programme Oversight Group (POG) and the Integrated Performance Board (IPB). In year developments/variations should be approved as limits allow.</p> <p>All Capital schemes require completion of a business case, templates and guidance for which are available from the Programme Management Office (All values exclusive of VAT).</p> <p>Disposal of capital assets approval are based on the carrying value at the time of disposal.</p>	Value	Part of Capital Plan	Not Part of Capital Plan	Capital Disposal (carrying value)
	Annual Capital Programme	Board of Directors	n/a	n/a
	Over £500,000	Board of Directors	Board of Directors	Board of Directors
	£100,000 - £500,000	Integrated Performance Board (IPB)	Integrated Performance Board (IPB)	Integrated Performance Board (IPB)
	£50,000-£100,000	Programme Oversight Group (POG)	Integrated Performance Board (IPB)	Programme Oversight Group (POG)
	£0-£50,000	Programme Oversight Group (POG)	Programme Oversight Group (POG)	Programme Oversight Group (POG)
9. Agreement of Contracts/ Service Level Agreements (including in-year variations to Contracts/Service Level Agreements)				
<p>All pay and non-pay expenditure including software and IT equipment, maintenance contracts, service contracts, management consultants and call off orders. The limit is the total value over the life of the contract. All subject to funding available in budget. (Exclusive of VAT)</p> <p>All contracts / service level agreements must be approved and signed off by Procurement and / or the Deputy Director of Contracts and Commissioning prior to sign off by the relevant budget holder. This applies to all values of contracts / service level agreements and includes those that are “zero-value”.</p> <p>Each level requires approval by the manager (eg the level above). A delegated authoriser can be given a limit of any value up to £500.</p>	Over £1,000,000		Board of Directors	
	Up to £1,000,000		Chief Executive	
	Up to £500,000		Chief Finance Officer	
	Up to £100,000		Executive Directors	
	Up to £75,000		Deputy Chief Finance Officer, Other Directors	
	Up to £50,000		Other Deputy Directors, Head of Procurement and Head of Estates	
	Up to £25,000		Service Directors and Head of Finance	
	Up to £15,000		Chief Management Accountant and Chief Financial Accountant	
	Up to £10,000		Budget Holder and Buildings Manager	
	Up to £1,000		Assistant Financial Accountant	
Up to £500		Delegated Authoriser (as approved by budget holder & finance team)		

<b>Lifetime Income Contract Value (Non NHS - Local Authority or other)</b>	
All limits exclude VAT where applicable	
<b>Lifetime contract value</b>	<b>Approval</b>
Up to £100,000	Executive Directors
Up to £5m	Chief Financial Officer
£5m to £50m	Chief Executive counter signed by another Director
Over £50m	Trust board
Local Authority contracts that are sealed require an Executive member witness signature	

<b>Lifetime Income Contract Value (NHS)</b>	
<b>Lifetime contract value</b>	<b>Approval</b>
Up to £100,000,000	Chief Finance Officer
Over £100,000,000	Chief Executive

<b>Delegate Limits with Tendering</b>				
	<b>Chief Operations Officer</b>	<b>Chief Strategy Officer &amp; Chief Executive</b>	<b>Executive Leadership Team</b>	<b>Trust Board/ BOD</b>
Total value contract excl extension period	<£50K	<£5m	<£25m	>£25m
Annual value	£20K	<£5m	>£5m < £10m	>£10m

<b>10. Budget Virement</b>		
In accordance with the SFIs budgets may be vired, however all other budgetary controls will be required to be met	Over £100,000	Chief Executive
	Up to £100,000	Chief Finance Officer
	Up to £50,000	Other Directors
	Up to £25,000	Deputy Chief Finance Officer and Budget Holder

<b>11. Quotations &amp; Tenders</b>		
Quotations - Obtain a minimum of 3 written quotations for goods/services	Over £10,000 and up to £50,000	In accordance with Section 9
Tenders - Obtain a minimum of 3 written tenders for goods/services	Over £50,000 (unless a tender waiver is approved by Chief Finance Officer)	In accordance with Section 9
Public Contract Regulations (2015) Procurement Thresholds (These are subject to change and should be confirmed by the Head of Procurement)	All figures are inclusive of VAT	In accordance with Section 9
Supplies and Services (except R&D and certain telecom services)	£138,760	

Social and other specific services, listed in Schedule 3 of Public Contract Regulations (2015) Reg 5 (1) (D) and (74)	£663,540	
Works	£5,336,937	

12. Expenditure Exempt From Purchase Order		
Type of Expenditure	PO/Non PO	Rationale
Agency Staff: Admin & Clerical	Non-PO	Invoices paid via Booking System
Agency Staff: Medical	Non-PO	Invoices paid via Booking System
Agency Staff: Nursing & Non-Medical	Non-PO	Invoices paid via Booking System
Electricity	Non-PO	Managed by Tariff and bill validated, raising PO would add additional resource with no added value
External debt recovery charges	Non-PO	Debt payment plans are managed on a monthly basis
Fines and charges	Non-PO	Timescale to pay fines
FP10s	Non-PO	Prescribing activity
Fuel card	Non-PO	Based on fuel usage
Gas	Non-PO	Managed by Tariff and bill validated, raising PO would add additional resource with no added value
Medical gases	Non-PO	Infrequent low use and volume
Pharmacy Drugs	Non-PO	Paid via control account to WUTH
Staff benefits (e.g. salary sacrifice / car lease / childcare vouchers)	Non-PO	Finance and HR approvals in place
Staff travel and subsistence	Non-PO	Infrequent low use and volume
Telephone Calls and Rental	Non-PO	Timescale to pay and to manage late payment fees
Water and Sewerage	Non-PO	Managed by Tariff and bill validated, raising PO would add additional resource with no added value