

WORCESTERSHIRE ACUTE HOSPITALS NHS TRUST
Documentation control
STANDING FINANCIAL INSTRUCTIONS

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1.0 Introduction

- 1.1 These Standing Financial Instructions (SFIs) are issued in accordance with the Trust (Functions) Directions 2000 issued by the Secretary of State which require that each Trust shall agree Standing Financial Instructions for the regulation of the conduct of its members and officers in relation to all financial matters with which they are concerned.
- 1.2 These Standing Financial Instructions together with the Standing Orders, Scheme of Delegation, Standards of Business Conduct Policy and Fraud Bribery and Corruption Policy provide a comprehensive regulatory and business framework for the Trust. They shall have effect as if incorporated in the Standing Orders (SOs).
- 1.3 All Directors and members of staff should be aware of the existence of these documents and be familiar with all relevant provisions. These rules fulfil the dual role of protecting the Trust's interests and protecting the staff from any possible accusations that they have acted improperly.
- 1.4 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Chief Finance Officer must be sought before acting. The user of these Standing Financial Instructions should also be familiar with and comply with the provisions of the Trust's Standing Orders and Scheme of Delegations

2 Executive Summary

- 2.1 These Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by the Trust for the Trust and its constituent organisations including Trading Units and wholly owned subsidiary organisations.
- 2.2 Standing Financial instructions govern the way in which the Trust undertakes its financial business and how all those working for the Trust shall operate. They demonstrate to the public that the Trust is well managed and that we conduct our business with probity, transparency and in accordance with our stewardship of public funds.
- 2.3 They do not provide detailed procedural advice and should be read in conjunction with the detailed Trust, departmental and financial policies and procedure notes.

All financial procedures must be approved by the Chief Finance Officer.

3 Policy Statement

- 3.1 Standing Financial Instructions are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They identify the financial responsibilities that apply to everyone working for the Trust.
The user of these Standing Financial Instructions should also be familiar with the Trusts Standing Orders.

They should be used in conjunction with the Trusts Standing Orders and the Scheme of Delegation adopted by the Trust.

- 3.2 The failure to comply with Standing Financial Instructions and Standing Orders can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.

- 3.3 All members of the Board and all staff, have a duty to disclose any non-compliance with these Standing Financial Instructions to the Chief Finance Officer as soon as possible.

Non Compliance may also constitute a criminal offence in which case the matter will be reported to the Trust's local Anti-Fraud Specialist and/or the police for action to be taken which may result in referral for prosecution. Civil actions may also result to recover the Trust's losses and costs.

If any material non-compliance with these Standing Financial Instructions is identified, full details shall be reported to the next formal meeting of the Audit and Assurance Committee in its role to oversee governance, risk management and internal control.

- 3.4 The Chief Executive and delegated budget holders must not exceed the budgetary total or virement limits set by the Board. Responsibility not to overspend lies with each delegated officer.

4 Roles and Responsibilities

4.1 The Trust Board

The Trust Board is responsible for giving final approval to updated versions of the Standing Financial instructions.

The Board exercises financial supervision and control by:

- a) formulating the financial strategy and agreeing the long term financial model
- b) requiring the submission and approval of budgets within approved allocations/overall income;
- c) defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money);and
- d) defining specific responsibilities placed on members of the Board and employees as indicated in the Scheme of Delegation and Reservation of Matters.

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

The Board will delegate responsibility for the performance of its functions in accordance with the Scheme of Delegation document adopted by the Trust.

4.2 Chief Executive and Chief Finance Officer

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

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

4.3 Chief Finance Officer

The Chief Finance Officer is responsible for:

- a) ensuring that the Standing Financial Instructions are maintained and regularly reviewed.

- b) implementing the Trust's financial policies and for coordinating any corrective action necessary to further these policies;
- c) 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;
- d) 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:

- a) the provision of financial advice to other members of the Board and employees;
- b) the design, implementation and supervision of systems of internal financial control;
- c) 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.

4.4 **Board Members and Employees**

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

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

4.5 **Contractors and their employees**

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 must comply with 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 members of the Board and employees discharge their duties must be to the satisfaction of the Chief Finance Officer .

5 Policy and/or Procedural Requirements

5.1 AUDIT

5.1.1 Audit and Assurance Committee

In accordance with Standing Orders, the Board shall formally establish an Audit and Assurance Committee, with clearly defined terms of reference and following guidance from the NHS Audit and Assurance Committee Handbook , which will provide an independent and objective view of internal control by:

- a) overseeing Internal and External Audit services;
- b) reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgments;
- c) 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;
- d) monitoring compliance with Standing Orders and Standing Financial Instructions;
- e) reviewing schedules of losses and compensations and making recommendations to the Board;
- f) reviewing schedules of debtors/creditors balances over 6 months and £5,000 old and explanations/action plans;
- g) Reviewing the arrangements in place to support the Assurance Framework process prepared on behalf of the Board and advising the Board accordingly.

Where the Audit and Assurance Committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wishes to raise, the Chairman of the Audit and Assurance Committee should raise the matter at a full meeting of the Board. Exceptionally, the matter may need to be referred to the NHS Improvement and the Department of Health, but this should be via the Trust Chief Finance Officer in the first instance.

Matters pertaining to fraud, bribery and/or corruption must be reported to the Local Anti-Fraud Specialist (LAFS) for investigation in accordance with the Trust's Counter Fraud, Bribery and Corruption Policy.

5.2 Chief Finance Officer

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

The Local Accountability and Audit Act 2014 and The Local Audit (Health Services Bodies Auditor Panel and Independence) Regulations 2015 require the Trust to appoint external auditors. Audit and Assurance Committee will ensure the Trust appoints external auditors.

The Chief Finance Officer is responsible for:

- a) ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective internal audit function;
- b) ensuring that the internal audit is adequate and meets the NHS mandatory audit standards;
- c) deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud bribery or corruption;
- d) ensuring that an annual internal audit report is prepared by the Internal Audit service provider for the consideration of the Audit and Assurance Committee and the Board. The report must cover:
 - i. a clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the Department of Health including for example compliance with control criteria and standards;
 - ii. major internal financial control weaknesses discovered;
 - iii. progress on the implementation of internal audit recommendations;
 - iv. progress against plan over the previous year;
 - v. strategic audit plan covering the coming three years;
 - vi. a detailed plan for the coming year.

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

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

The Trust's Chief Executive and Chief Finance Officer are responsible for ensuring access rights are given to NHS Protect where necessary for the

prevention, detection and investigation of cases of fraud, bribery and corruption, in accordance with NHS Counter Fraud Authority, Standards for NHS Providers.

5.3 Role of Internal Audit and Counter Fraud

The purpose and objectives of the Internal Audit service provider are to review, appraise and report upon

- a) the extent of compliance with, and the financial effect of, relevant established policies, plans and procedures;
- b) the adequacy and application of financial and other related management controls;
- c) the suitability of financial and other related management data;
- d) the efficient and effective use of resources;
- e) the extent to which the Trust's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
 - i. fraud and other offences;
 - ii. waste, extravagance, inefficient administration;
 - iii. poor value for money or other causes.
 - iv. Any form of risk, especially business and financial risk but not exclusively so.
- f) Internal Audit shall also independently verify the Assurance Statements 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 Finance Officer must be notified immediately. In the case of alleged or suspected fraud, the Local Anti FraudService (LCFS) must be notified.

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

The Head of Internal Audit shall be accountable to the Chief Finance Officer in accordance with the service level agreement. The reporting system for internal audit shall be agreed between the Chief Finance Officer, the Audit and Assurance Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the Audit Code and the DH Group Accounting Manual. The reporting system shall be reviewed at least every three years.

Internal Audit terms of reference shall have effect as if incorporated within these Standing Financial Instructions. The Terms of reference cover the scope of the internal audit work, authority and independence, management responsibilities, coordination of assurance work, reporting and key outputs and the operational responsibilities.

5.4 External Audit

The External Auditor is appointed by Audit and Assurance Committee and paid for by the Trust. The Audit and Assurance Committee must ensure that the Trust receives a cost-effective, efficient service.

If there are any problems relating to the service provided by the External Auditor service, then this should be raised with the External Auditor and referred on to the Audit and Assurance Committee if it cannot be resolved.

5.5 Fraud, Bribery and Corruption

In line with their responsibilities, the Trust Chief Executive and Chief Finance Officer shall monitor and ensure compliance with Directions issued by the Secretary of State for Health on fraud and corruption as specified in the NHS Tackling Fraud, Bribery & Corruption Policy & Corporate Procedures.

The Trust shall nominate a suitable person to carry out the duties of the Local Anti-Fraud Specialist as specified by the Department of Health Fraud and Corruption Manual and guidance.

The Local Anti-Fraud Specialist (LAFS) shall report to the Trust Chief Finance Officer and shall work with staff in NHS Counter Fraud Authority in accordance with the guidance provided by NHS Protect.

If it is considered that evidence of offences exists and that a prosecution is desirable, the LCFS will consult with the CFO to obtain the necessary authority and agree the appropriate route for pursuing any action e.g. referral to the police or NHS Protect.

The Local Anti-Fraud Specialist will provide a written report to the Audit and Assurance Committee, at least annually, on Anti-Fraud work within the Trust.

In accordance with the Raising Concerns Policy, the Trust shall have a whistle-blowing mechanism to report any suspected or actual fraud, bribery or corruption matters and internally publicise this, together with the national fraud and corruption reporting line provided by NHS Protect.

5.6 Security Management

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

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

The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the Director of People & Culture in relation to the duties of the Local Security Management Specialist requirements and the Director of Asset Management and ICT in relation to operational security.

6 Business Planning, Budgets, Budgetary Control, Capital Expenditure and Monitoring

6.1.1 Preparation and Approval of Business Plans and Budgets

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

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

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

- a) be in accordance with the aims and objectives set out in the Sustainability Transformation Plan (STP), the Trusts business plan and its long term financial model;
- b) accord with activity and manpower plans;
- c) be produced following discussion with appropriate budget holders;
- d) be prepared within the limits of available funds;
- e) identify potential risks.

The Chief Finance Officer shall monitor financial performance against budget and business plan, periodically review them, and report to the Board.

All budget holders must provide information as required by the Chief Finance Officer to enable budgets to be compiled and financial performance against budgets to be monitored.

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

6.1.2 **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:

- a) the amount of the budget;
- b) the purpose(s) of each budget heading;
- c) individual and group responsibilities;
- d) authority to exercise virement;
- e) achievement of planned levels of service; and
- f) 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 expenditure budgets or income should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the Chief Finance Officer.

6.1.3 **Budgetary Control and Reporting**

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

- a) monthly financial reports to the Board in a form approved by the Board containing:
 - i. income and expenditure to date showing trends and forecast year-end position;
 - ii. movements in working capital;
 - iii. movements in cash and capital;
 - iv. capital project spend and projected outturn against plan;
 - v. explanations of any material variances from plan;
 - vi. details of any corrective action where necessary and the Chief Executive's and/or Chief Finance Officer' view of whether such actions are sufficient to correct the situation;
- b) the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;

- c) investigation and reporting of variances from financial, workload and manpower budgets;
- d) monitoring of management action to correct variances; and
- e) arrangements for the authorisation of budget transfers.

Each Budget Holder is responsible for ensuring that:

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

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

6.1.4 Capital Expenditure

The general rules applying to delegation and reporting shall also apply to capital expenditure. (The particular applications relating to capital are contained in SFI 13). All capital procurement shall be carried out in accordance with the Tendering and Contract Procedures.

6.1.5 Monitoring Returns

The Chief Executive is responsible for ensuring that the appropriate monitoring forms are submitted to the requisite monitoring organization in accordance with the prescribed deadlines.

7. ANNUAL ACCOUNTS AND REPORTS

7.1 The Chief Finance Officer, on behalf of the Trust, will:

- a) prepare financial accounts and returns in accordance with the accounting policies and guidance given by the Department of Health and the Treasury, the Trust's accounting policies, and International Financial Reporting Standards (IFRS);
- b) prepare and submit annual financial reports to the Department of Health and NHS Improvement certified in accordance with current guidelines;
- c) submit financial returns to the Department of Health for each financial year in accordance with the timetable prescribed by the Department of Health.

The Trust's Annual Report, Annual Accounts and financial returns to NHS Improvement must be audited by the external auditor appointed by the Trust in accordance with appropriate international auditing standard.

The Annual Report and Accounts (including the auditor's report) shall be approved by the Board of Directors or, by the Audit and Assurance Committee (when specifically delegated the power to do so, under the authority of the Board of Directors).

The Annual Report and Accounts (including the auditor's report) is submitted to NHS Improvement (in accordance with its timetable) by the Chief Finance Officer.

The Trust's annual accounts must be audited by an auditor appointed by the Trust. The Trust's audited annual report and accounts (including the auditor's report) must be published and presented to public meeting by the 30th September each year and made available to the public for public inspection at the Trust's headquarters and made available on the Trust's website.

The Chief Nursing Officer will prepare the Annual Quality Report in the format prescribed by NHS Improvement/Care Quality Commission and in accordance with the DH Group Accounting Manual. The Quality Report presents a balanced picture of the Trust's performance over the financial year and up to the agreed submission date.

The Chief Executive and Chairman shall sign off the "Statement of Directors' Responsibilities in Respect of the Quality Report" under the Health Act 2009 and the NHS (Quality Accounts) Regulations 2010.

7.2 BANKING ARRANGEMENT

7.2.1 General

The Chief Finance Officer is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of accounts. This advice will take into account guidance/ Directions issued from time to time by the Department of Health.

In line with 'Cash Management in the NHS' Trusts should minimize the use of commercial bank accounts and consider using the Government Banking Service

(GBS) accounts for all banking services.

The Board will review and approve the banking arrangements as specified by the Department of Health.

7.2.2 Bank and GBS Accounts

The Chief Finance Officer is responsible for the operation of all the Trust's bank accounts and for:

- a) ensuring payments made from bank accounts do not exceed the amount credited to the account except where arrangements have been made;
- b) reporting to the Board all arrangements and instances where the bank accounts become or may have become overdraw and the arrangements made with the Trust's bankers
- c) establishing separate bank accounts for the Trust's non-exchequer/charitable funds
- d) monitoring compliance with DH guidance on the level of cleared funds.
- e) Ensuring covenants attached to bank borrowing are adhered to.

7.2.3 Banking Procedures

The Chief Finance Officer will prepare detailed instructions on the operation of all Trust bank accounts which must include:

- a) the conditions under which each bank and GBS account is to be operated, including the overdraft limit if applicable;
- b) those authorised to approve payments, bank transfers, sign cheques or other orders drawn on the Trust's accounts.

The Chief Finance Officer must advise the Trust's bankers in writing of the conditions under which each account will be operated.

No-one but the Chief Finance Officer shall open a bank account in the name of the Trust.

7.2.4 Tendering and Review

The Chief Finance Officer will review the commercial banking arrangements of the Trust at regular intervals to ensure they reflect best practice and represent best value for money.

7.2.5 External Borrowing

The Chief Finance Officer will advise the Board concerning the Trusts ability to pay dividend on, and repay Public Dividend Capital and any proposed new borrowing, within the limits set by the Department of Health. The Chief Finance Officer is also responsible for reporting periodically to the Board concerning the PDC debt and all

loans and overdrafts.

Any application for a loan or overdraft will only be made by the Chief Finance Officer or by an employee so delegated by them.

The Chief Finance Officer must prepare detailed procedural instructions concerning applications for loans and overdrafts.

All short term borrowings should be kept to the minimum period of time possible, consistent with the overall cash flow position. Any short term borrowing required must be authorised by the Chief Finance Officer.

All long term borrowing must be consistent with the plans outlines in the current approved financial plan as reported to the Department of Health.

7.2.6 Investments

Temporary cash surpluses must only be held in such investments as authorised by the Department of Health and authorised by the Board.

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

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

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

8.1 Income Systems

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.

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

8.2 Fees and Charges

The Trust shall follow all relevant guidance issued by the Department of Health in setting prices for NHS service agreements.

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 or by Statute. Independent professional advice on matters of valuation shall be taken as necessary. Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered the guidance in the Department of Health's Commercial Sponsorship – Ethical standards in the NHS shall be followed.

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 in order to facilitate the timely raising of invoices and collection of the debt.

Under no circumstances will the Trust accept cash payments in any currency in excess of £15,000 in respect of any single transaction or series of transactions which appear to be linked. Any attempts by an individual to effect payment above this amount should be notified immediately to the Chief Finance Officer.

8.3 Debt Recovery

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

Income not received should be reported to the Audit and Assurance Committee and appropriate action taken and recorded.

The Chief Finance Officer is responsible for ensuring that systems are in place to prevent overpayments. Where overpayments occur systems should be in place for their detection and recovery initiated.

8.4 Security of Cash, Cheques, Payable Orders and other Negotiable Instruments

The Chief Finance Officer is responsible for:

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

- (b) ordering and securely controlling any such stationery;
- (c) the provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines;
- (d) prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust.

Official money shall not under any circumstances be used for the encashment of private cheques or for the granting of personal loans of any kind.

All cheques, postal orders, payable orders and cash etc., shall be banked intact. 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 deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Trust is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Trust from responsibility for any loss.

8.5 Free of Charge/Donated Goods/Services

Free of charge or donated goods or equipment from any supplier or would be supplier to the Trust must not be used to avoid the procurement regulations.

A budget manager or budget holder must approve in writing the acceptance of such goods or services prior to delivery. If the goods are to be donated or accepted on loan, whether for service provision or testing, before such approval may be given:

- a) an official order number must be allocated if the acquisition by this method is part of a procurement process by the Trust.
- b) the owner must provide a written indemnity to the Trust, in a form approved by the Trust Secretary, which will be signed, if necessary, on the Trusts behalf by the Chief Executive or an officer authorised by the Chief Executive.
- c) responsibility for maintenance and other revenue consequences must be agreed in writing and must be approved in accordance with these Standing Financial Instructions.

The acceptance of any such goods or services must be confirmed in writing to the donor/owner and, except in the case of charitable donations, such confirmation shall include a notice that the acceptance does not amount to an express or implied obligation on the Trust to continue to use the goods/services or to purchase any goods/services.

The donation of clinical equipment shall undergo the same rigour as applied to an NHS funded purchase.

Where there are revenue consequences arising out of the donation of any asset then the donation shall not be accepted or put into use until a budget has been

agreed with the Chief Finance Officer in respect of the revenue consequences.

8.6 Payment in Kind to the Trust

A budget manager or holder may authorise the provision by the Trust of services to third parties in return for payments in kind provided:

- a) the value received is reasonably commensurate with the value given.
- b) the arrangement is confirmed in writing to the third party under the signature of a budget manager or budget holder and a copy retained.
- c) the confirmation includes a notice that the Trust reserves the right to joint ownership on terms to be agreed or fixed by arbitration of any intellectual property arising from the collaboration between the Trust and the third party.
- d) The confirmation includes a notice that the arrangement does not bind the Trust to continue any collaboration on the terms agreed or to purchase / use the benefits of any collaboration.

9 TENDERING AND CONTRACTING PROCEDURE

9.1.1 Duty to comply with Standing Orders and Standing Financial Instructions

The procedure for making all contracts by or on behalf of the Trust shall comply with these Standing Orders and Standing Financial Instructions (except where Standing Order No. 40 Suspension of Standing Orders is applied).

9.1.2 EU Directives Governing Public Procurement

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

9.1.3 Capital Investment Manual and other Department of Health Guidance

The Trust shall comply as far as is practicable with the requirements of the Department of Health "Capital Investment Manual" and "Estate code" in respect of capital investment and estate and property transactions. In the case of management consultancy contracts the Trust shall comply as far as is practicable with Department of Health guidance "The Procurement and Management of Consultants within the NHS" and guidance from NHS Improvement.

9.2.1 Formal Competitive Tendering

9.2.2 General Applicability

The Trust shall ensure that competitive tenders are invited for:

- a) the supply of goods, materials and manufactured articles, ensuring that where the value of such items exceeds the current OJEU financial limits, the OJEU advertisement and procurement process is followed;
- b) the retendering of services including all forms of management consultancy services (other than specialised services sought from or provided by the DH);
- c) for the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens); for disposals.

9.2.3 Health Care Services

Where the Trust elects to invite tenders for the supply of healthcare services these Standing Orders and Standing Financial Instructions shall apply as far as they are applicable to the tendering procedure.

9.2.4 Exceptions and instances where formal tendering need not be applied

Formal tendering procedures **need not be applied** where:

- a) the estimated expenditure or income does not, or is not reasonably expected over the length of the agreement to, exceed £10,000 **including** VAT. For expenditure of up to £10,000 evidence that two competitive prices have been obtained will be required;

- b) where the supply is proposed under special arrangements negotiated by the DH in which event the said special arrangements must be complied with;
- c) regarding disposals as set out in Standing Financial Instructions Section 9.4.9;

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

- a) in very exceptional circumstances where the Board formally vote that formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate Trust record;
- b) where the requirement is covered by an existing contract;
- c) where framework agreements are in place and have been approved by the procurement department;
- d) where a consortium purchasing arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the consortium members;
- e) where the timescale genuinely precludes competitive tendering but failure to plan the work properly would not be regarded as a justification for a single tender;
- f) where specialist expertise is required and is available from only one source;
- g) 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;
- h) 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;

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 Trust record and reported to the Audit and Assurance Committee in line with the Audit and Assurance Committee Work plan.

9.2.6 Building and Engineering Construction Works

Competitive Tendering cannot be waived for building and engineering construction works and maintenance (without Departmental of Health approval).

9.2.7 Items which subsequently breach thresholds after original approval

Items estimated to be below the limits set in this Standing Financial Instruction for

which formal tendering procedures are not used which subsequently prove to have a value above such limits shall be reported to the Chief Executive, and be recorded in an appropriate Trust record.

9.3 Contracting/Tendering Procedure

9.3.1 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 Trust.

9.3.2 Acceptance of formal tenders

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

The lowest tender, if payment is to be made by the Trust, or the highest, if payment is to be received by the Trust, shall be accepted unless there are good and sufficient reasons to the contrary. A report explaining any such reasons shall be produced by the officer evaluating the tender responses and shall be set out in either the contract file, or other appropriate record.

It is accepted that for professional services such as management consultancy, the lowest price does not always represent the best value for money. Other factors affecting the success of a project include:

- a. experience and qualifications of team members;
- b. understanding of client's needs;
- c. feasibility and credibility of proposed approach;
- d. ability to complete the project on time.

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

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

The use of these procedures must demonstrate that the award of the contract was:

- a. not in excess of the going market rate / price current at the time the contract was awarded; and
- b. that best value for money was achieved.

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

9.3.3 Tender reports to the Trust Board

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

9.4 Quotations: Competitive and non-competitive

9.4.1 General Position on quotations

Quotations are required where the intended expenditure or income exceeds, or is reasonably expected to exceed £10,000 but not exceed £50,000 (including VAT). Where the intended expenditure or income is not reasonably expected to exceed £10,000, competitive prices only are required. If however the competitive prices which are received do exceed £10,000, then three written quotations shall be required.

9.4.2 Competitive Quotations

Quotations should be obtained from at least 3 firms/individuals based on specifications or terms of reference prepared by, or on behalf of, the Trust.

Quotations should be in writing unless the Chief Executive or his nominated officer determines that it is impractical to do so in which case quotations may be obtained by telephone. Confirmation of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record.

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

The Chief Executive or his nominated officer should evaluate the quotation and select the quote which gives the best value for money. If this is not the lowest quotation if payment is to be made by the Trust, or the highest if payment is to be received by the Trust, then a report explaining the choice made and the reasons why should be produced by the officer evaluating the tender responses and shall be set out in either the contract file, or other appropriate permanent record.

9.4.3 Non-Competitive Quotations

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

- i. the supply of proprietary or other goods of a special character and the rendering of services of a special character, for which it is not, in the opinion of the responsible officer, possible or desirable to obtain competitive quotations;
- ii. the supply of goods or manufactured articles of any kind which are required quickly and are not obtainable under existing contracts;
- iii. miscellaneous services, supplies and disposals
- iv. where the goods or services are for building and engineering maintenance the responsible works manager must certify that the first two conditions of this SFI (i.e.: (i) and (ii) of this SFI) apply.

9.4.4 Quotations to be within Financial Limits

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

9.4.5 Authorisation of Tenders and Competitive Quotations

Providing all the conditions and circumstances set out in these Standing Financial Instructions have been fully complied with, formal authorisation and awarding of a contract may be decided by the following staff to the value inc VAT of the contract as confirmed in the Scheme of Delegation. The current limits are:

Budget Holders	up to	£20,000	
Divisional Management Team	up to	£50,000	
Deputy Chief Operating Officer and Director of Asset Management & ICT	up to	£75,000	
Executive Directors & Assistant Directors of Finance	up to		£100,000
Chief Finance Officer	up to	£250,000	
Chief Executive	up to	£500,000	
Trust Board	over	£500,000	

Formal authorisation must be put in writing. In the case of authorisation by the Trust Board this shall be recorded in the Board minutes. Copies of all contracts shall be provided to the Finance department for inclusion on the Trust Contract Register,

Note the Financial recovery Approval limits would also apply to authorisation of tenders and competitive quotations, when they are in force.

9.4.6 Compliance requirements for all contracts

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

- (a) The Trust's Standing Orders and Standing Financial Instructions;
- (b) EU Directives and other statutory provisions;
- (c) any relevant directions including the Capital Investment Manual, Estate code and guidance on the Procurement and Management of Consultants;
- (d) such of the NHS Standard Contract Conditions as are applicable
- (e) contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance
- (f) where appropriate contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited
- (g) in all contracts made by the Trust, the Board shall endeavor

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

9.4.7 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 via framework approved suppliers.

9.4.8 Healthcare Services Agreements

Service agreements with NHS providers for the supply of healthcare services shall be drawn up in accordance with the NHS and Community Care Act 1990 and administered by the Trust. Service agreements are not contracts in law and therefore not enforceable by the courts. However, a contract with a Foundation Trust, being a PBC, 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.

9.4.9 Disposals (SFI No. 15 also refers)

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

- (a) any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the Chief Executive or his nominated officer;
- (b) obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy of the Trust;
- (c) items to be disposed of with an estimated sale value of less than £250, this figure to be reviewed on a periodic basis;
- (d) items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;
- (e) land or buildings concerning which DH guidance has been issued but subject to compliance with such guidance.

9.4.10 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 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 determines that in-house services should be subject to competitive tendering the following groups shall be set up:

- (a) Specification group, comprising the Chief Executive or nominated officer/s and specialist.
- (b) In-house tender group, comprising a nominee of the Chief Executive and technical support.
- (c) Evaluation team, comprising normally a specialist officer, Procurement officer and a Chief Finance Officer representative. Additionally, for services having a likely annual expenditure exceeding £250,000, a non-Executive Director should be a member of the evaluation team.

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.

9.4.11 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 Trust's trust funds and private resources.

10 SERVICE AGREEMENTS FOR PROVISION OF SERVICES

10.1 Service Level Agreements (SLAs) and Contracts

The Chief Executive, as the Accountable Officer, is responsible for ensuring the Trust enters into suitable contracts and or Service Level Agreements (SLA) with service commissioners for the provision of NHS services.

All contracts and SLAs should aim to implement the agreed priorities contained within the Commissioning Agreement or the strategy of the Trust. In discharging this responsibility, the Chief Executive should take into account:

- a) the standards of service quality expected;
- b) the relevant national service specification
- c) the provision of reliable information on cost and volume of services;
- d) the NHS National Performance Assessment Framework;

10.2 Involving Partners and jointly managing risk

A good agreement 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 Trust works with all partner agencies involved in both the delivery and the commissioning of the service required. The agreement 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 Trust can jointly manage risk with all interested parties.

The Chief Executive, as the Accountable Officer, will need to ensure that regular reports are provided to the Board detailing actual and forecast income from the contract and SLA's. This will include information on costing arrangements, which increasingly should be based upon Healthcare Resource Groups (HRGs). Where HRGs are unavailable for specific services, all parties should agree a common currency for application across the range of SLAs.

11 TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF THE TRUST BOARD AND EXECUTIVE COMMITTEE AND EMPLOYEES

11.1 Payment to Board Members, Staff and Other Workers

11.1.1 Board Members (Chairman and Non-Executive Directors)

The Trust will pay allowances to the Chairman and the Non- Executive Directors of the Board in accordance with instructions issued by the Secretary of State for Health.

11.1.2 Remuneration Committee (Executive Directors and Staff)

In accordance with Standing Orders the Board shall establish a Remuneration and Nominations 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:

- a) Be responsible for overseeing and ratifying the appointment of candidates to fill all the executive director positions on the board and for determining their remuneration and other conditions of service.
- b) Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the board, making use of the output of the board evaluation process as appropriate, and make recommendations to the board, as applicable, with regard to any changes.
- c) Establish and keep under review a remuneration policy in respect of executive board directors and senior managers earning over £70,000 or accountable directly to an executive director and on locally-determined pay.
- d) In accordance with all relevant laws, regulations and trust policies, decide and keep under review the terms and conditions of office of the trust's executive directors and senior managers earning over £70,000 or accountable directly to an executive director and on locally-determined pay, including:
 - Salary, including any performance-related pay or bonus;
 - Annual salary increase
 - Provisions for other benefits, including pensions and cars;
 - Allowances;
 - Payable expenses;
 - Compensation payments.
- e) Ensure the annual performance of Board Directors is undertaken and evaluate on an exceptional basis the performance of Board Directors on the advice of the Chief Executive/Chairman. This will include consideration of this output when reviewing changes to remuneration levels.
- f) Advise upon and oversee contractual arrangements for executive directors, including but not limited to termination payments to avoid rewarding poor performance.

The committee will report to the board after each meeting.

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

11.1.3 Funded Establishment

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

The funded establishment of any directorate or department may not be varied in any way which causes expenditure to exceed the authorised annual budget without the prior written approval of the Chief Executive or Chief Finance Officer or their delegated officer.

11.1.4 Staff Appointments

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

- a) unless authorised to do so by the Chief Executive;
- b) within the limit of their approved budget and funded establishment.
- c) he or she is exercising economy and efficiency in the use of human resources.

Any monies due to employees as a result of all employments with the Trust howsoever arising shall be paid through the Trust payroll.

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

11.1.5 Contracts of Employment

The Board shall delegate responsibility to an officer, normally Director of People & Culture for:

- a) ensuring that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation and;
- b) dealing with variations to, or termination of, contracts of employment in accordance with the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation; and
- c) advising employees' of the need to conform to the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and Scheme of Delegation.

11.1.6 Processing Payroll

The Chief Finance Officer is responsible for:

- a) specifying timetables for submission of properly authorised time records, expense claims and other notifications;

- b) the final determination of pay and allowances
- c) making payment on agreed dates;
- d) agreeing method of payment.

The Chief Finance Officer will issue instructions regarding:

- a) verification and documentation of data;
- b) the timetable for receipt and preparation of payroll data and the payment of employees, expenses and allowances;
- c) maintenance of subsidiary records for superannuation, income tax, national insurance and other authorised deductions from pay;
- d) security and confidentiality of payroll information;
- e) checks to be applied to completed payroll before and after payment;
- f) authority to release payroll data under the provisions of the Data Protection Act and General Data Protection Regulations (GDPR);
- g) methods of payment available to various categories of employee and officers;
- h) procedures for payment by cheque, bank credit including BACS, or cash to employees and officers;
- i) procedures for the recall of cheques and bank direct credits, including BACS;
- j) pay advances and their recovery;
- k) maintenance of regular and independent reconciliation of pay control accounts;
- l) separation of duties of preparing records and handling cash;
- m) a system to ensure the recovery from those leaving the employment of the Trust of sums of money and property due from them to the Trust.

Appropriately nominated managers have delegated responsibility for:

- a) submitting and authorising time records, travel, subsistence and removal expenses claims and other notifications in accordance with agreed timetables;
- b) completing and authorising time records, travel, subsistence and removal expenses claims and other notifications in accordance with the Chief Finance Officer instructions and in the form prescribed by the Chief Finance Officer;
- c) submitting termination forms in the prescribed form immediately upon

knowing the effective date of an employees or officer's resignation, termination or retirement. Where an employee fails to report for duty or to fulfill obligations in circumstances that suggest they have left without notice, the Chief Finance Officer must be informed immediately.

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

11.1.7 Agency, Self-employed or Third Party Workers including Contract for Services

Where exceptional circumstances exist within a department and agency, self-employed workers or workers supplied via a third party are to be retained then:

- a) the contract may only be entered into by a budget holder having sufficient resources within the limit of their budget who is authorised for that purpose by the Chief Executive or his delegated officer; and
- b) the Chief Finance Officer shall be consulted if the contractor is not on the current list of authorised suppliers; and
- c) the Director of People & Culture shall be consulted with regard to the remuneration package; and
- d) contractual provisions shall be in place which allow the Trust to seek assurance regarding the income tax and national insurance contribution obligations of the engagee and the ability to terminate the contract if that assurance is not provided; and
- e) appropriate arrangements shall be in place to ensure that income tax deductions and national insurance contributions for both the Trust and worker are properly made and paid to HM Revenues & Customs in line with current legal and regulatory requirements.

12.0 Non Pay Expenditure

12.1 Delegation of Authority

The Board will approve the level of non-pay expenditure on an annual basis and the Chief Executive will determine the level of delegation to budget managers.

The Scheme of Delegation will set out:

- a) the list of managers who are authorised to place requisitions for the supply of goods and services;
- b) the maximum level of each requisition and the system for authorisation above that level.

The Scheme of Delegation shall set out procedures on the seeking of professional advice regarding the supply of goods and services and this shall be followed when entering into any agreement. Contract terms and conditions used in contract shall only be those approved by the Trust.

Before entering in to contracts for the supply of goods and services or works contracts and especially overseas contracts, taxation advice (including where appropriate customs advice) shall be obtained from the Chief Finance Officer. Agreement of the Chief Finance Officer and also where relevant the Director of Estates and Facilities shall be obtained before entering into any potentially novel or contentious arrangement with a supplier or contractor.

12.2 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services

12.2.1 Requisitioning

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

12.2.2 System of Payment and Payment Verification

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

The Chief Finance Officer will:

- a) advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in Standing Orders, Scheme of Delegation and Standing Financial Instructions and regularly reviewed;
- b) prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds;

- c) be responsible for the prompt payment of all properly authorised accounts and claims;
- d) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
 - i. A list of Board employees authorised to electronically certify invoices.(including specimens of their signatures)
 - ii. Certification that:
 - o goods have been duly received, examined and are in accordance with specification and the prices are correct;
 - o 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;
 - o 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;
 - o in the case of expenses claims, authorisation confirms that the claims reflect travel and journeys which were necessary in discharging the employee's work-related duties, and that the claim has been submitted within 3 months of the expense being necessarily incurred;
 - o where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
 - o the account is arithmetically correct, with discounts having been taken where appropriate;
 - o VAT has been correctly accounted for with the recovery being identified where appropriate, and;
 - o the account is in order for payment.
 - iii. A timetable and system for submission to the Chief Finance Officer of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment.
 - iv. Instructions to employees regarding the handling and payment of accounts within the Finance Department.
- e) be responsible for ensuring that payment for goods and services is only made once the goods and services are received. The only exceptions are set out below;

12.2.3 Prepayments

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

- a) Prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to NPV using the National Loans Fund (NLF) rate plus 2%).
- b) The appropriate officer must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the Trust if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments;
- c) The Chief Finance Officer will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold)
- d) The budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate Director or Chief Executive if problems are encountered.

Exceptions to the requirements of section a and b above are:

- i. Service and maintenance contracts which require payment when the contract commences
- ii. Minor services such as training courses, conference bookings
- iii. Prepayments of up to £500 where a value for money and financial risk assessment demonstrates clear advantage in early payment.

12.2.4 Official orders

Official Orders must:

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

12.2.5 Duties of Managers and Officers

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

- a) all contracts (other than the simple purchases permitted within the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Chief Finance Officer in advance of any commitment being made;

- b) contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement;
- c) where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health and NHS Improvement
- d) where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health and NHS Improvement
- e) 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:
 - (ii) isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;
 - (iii) conventional hospitality, such as lunches in the course of working visits;

This provision needs to be read in conjunction with Standing Order No. 23 (Standards of Business Conduct) and the principles outlined in the national guidance contained in HSG 93(5) "Managing Conflicts of Interest" Feb 2017);

- f) 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;
- g) all goods, services, or works are ordered on an official order except for works and services purchased from petty cash or items bought using purchasing cards executed in accordance with a contract. For clarification the Chief Finance Officer will determine the nature of expenditure which does not require control through an official purchase order and review this on an annual basis;
- h) 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";
- i) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- j) goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;
- k) changes to the list of employees and officers authorised to certify/approve orders and invoices are notified to the Chief Finance Officer;
- l) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Chief Finance;
- m) petty cash records are maintained in a form as determined by the Chief Finance Officer.

13 CAPITAL INVESTMENT, PRIVATE FINANCING, FIXED ASSET REGISTERS AND SECURITY OF ASSETS

13.1 Capital Investment

The Chief Executive :

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

For every capital expenditure proposal the Chief Executive shall ensure:

- a) that a business case (in line with the guidance contained within the current Department of Health guidance) is produced setting out:
 - i. an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
 - ii. the involvement of appropriate Trust personnel and external agencies;
 - iii. appropriate project management and control arrangements are in place;
 - iv. the appropriate Trust Personnel and external agencies have been involved; and
 - v. that the Chief Finance Officer has certified professionally to the costs and revenue consequences detailed in the business case.
- b) Where the sum involved exceeds delegated limits, the business case must be referred to NHSI/NHSE and or the department of Health in line with the current guidelines.

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

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

The Chief Finance Officer shall issue procedures for the regular reporting of capital expenditure and commitment against authorised capital expenditure, which as a minimum shall include reporting to the Board on:

- a) the individual scheme/projects
- b) The source and level of funding; and
- c) The expenditure incurred against the annual profile

The approval of a capital programme shall not constitute approval for the initiation of expenditure on any individual scheme, because it is also necessary to undertake the mandatory procurement processes of the Trust.

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

- (a) specific authority to commit expenditure;
- (b) authority to proceed to tender;
- (c) approval to accept a successful tender.

The Chief Executive will issue a scheme of delegation for capital investment management and the Trust's Standing Orders.

The Chief Finance Officer shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes. These procedures shall fully take into account the delegated limits for capital schemes as notified by the Department of Health.

13.2 Contract framework agreements

Contract framework agreements (including P22 schemes) should always be considered for all construction projects and used where in line with best practice as set out by HM treasury and the Cabinet Office as a set out in Health Building Notes – Strategic framework for the efficient management of health care estates and facilities. The management of contracts awarded under the P22 Framework Agreement shall follow the current guidelines issued by the Department of Health.

All Contractual Framework Agreements should be reviewed at regular intervals, usually annually, to ensure anticipated benefits are being realised and that cost improvements and value for money objectives are achieved.

The Contractual Framework Agreement shall be subject to formal tender procedures and shall comply with the EU directives governing public procurement.

The Chief Finance Officer shall issue procedure notes governing the control, management, reporting and audit arrangements of the Contract Framework Agreement.

The committee overseeing the capital programme shall receive regular reports on the performance of the Contract Framework Agreement and detailed project progress reports on all on going schemes.

Any capital monies spent should be in accordance with the requirements laid down in the Manual for Accounts as issues by the Department of Health.

13.3 External Borrowing

The Chief Finance Officer will advise the Board concerning the Trust's ability to pay dividend on, and repay Public Dividend Capital and any proposed new borrowing, within the limits set by the Department of Health. The Chief Finance Officer is also responsible for reporting periodically to the Board concerning the PDC debt and all

loans and overdrafts.

The Board will agree the list of employees (including specimens of their signatures) who are authorised to make short term borrowings on behalf of the Trust. This must contain the Chief Executive and the Chief Finance Officer.

The Chief Finance Officer must prepare detailed procedural instructions concerning applications for loans and overdrafts.

All short-term borrowings should be kept to the minimum period of time possible, consistent with the overall cashflow position, represent good value for money, and comply with the latest guidance from the Department of Health.

Any short term borrowing or revenue support loans from Department of Health must be approved by the Trust Board or the Finance and Performance Committee if more appropriate. It is sufficient to approve borrowing on an annual basis in line with the plan.

All long-term borrowing must be consistent with the plans approved by the Trust Board.

13.4 Investments

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

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

The Chief Finance officer will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained if the Trust Board authorises an investment strategy.

13.5 Leases (Finance and Operating)

Where it is proposed that leasing (either operating or finance) shall be considered in preference to capital procurement then the following should apply:

- a) the selection of a contract/finance company shall be on the basis of competitive tendering and quotations sought via the procurement department.
- b) All proposals to enter into a leasing agreement shall be referred to the Chief Finance Officer before acceptance of any offer;
- c) The Chief Finance Officer shall ensure that the proposal demonstrates best value for money; and
- d) The proposal shall be agreed in writing by the Chief Finance Officer prior to acceptance of any offer to the lease.

In the case of property leases the guidance in the Health Building Note – Strategic framework for the efficient management of healthcare estates and facilities shall be followed.

13.6 **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 once a year.

The Trust shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be as specified in the Capital Accounting Manual as issued by the Department of Health.

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

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

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 will be regularly reviewed and updated. The nature of the review must be in line with the Department of Health Group Accounting Manual and in consultation with External Auditors.

The value of each asset shall be depreciated using methods and rates as specified in the Group Accounting Manual issued by the Department of Health.

The Chief Finance Officer of the Trust shall calculate and pay capital charges as specified in the Group Accounting Manual issued by the Department of Health.

13.7 **Security of Assets**

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

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:

- a) recording managerial responsibility for each asset;
- b) identification of additions and disposals;
- c) identification of all repairs and maintenance expenses;

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

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

Each employee has a responsibility for the security of the property of the Trust and for ensuring that any borrowing or private use of Trust equipment, goods, services and facilities is authorised by their line manager or head of department. It is the responsibility of Executive Directors and senior employees in all disciplines to apply such appropriate routine security checks and practices in relation to Trust and NHS property, as may be determined by the Board. Any breach of agreed security practices must be reported in accordance with the agreed Security policy and procedures

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

Where practical, assets should be marked as Trust property.

14 Stores and Receipt of Goods

14.1.1 General position

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

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

14.1.2 Control of Stores, Stocktaking, condemnations and disposal

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

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

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

Stocktaking arrangements shall be agreed with the Chief Finance Officer. External Audit and Internal Audit will be consulted on appropriate levels of stocktaking to ensure the trust has control but not onerous stock counting. High value items will be counted at least once per year.

There will 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/Pharmaceutical Officer shall be responsible for a system approved by the Chief Finance Officer for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Chief Finance Officer any evidence of significant overstocking and of any negligence or malpractice (SFI No. 15 Disposals and Condemnations, Losses and Special Payments also refers). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

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 before forwarding this to the Chief Finance Officer or delegated officer who shall satisfy himself that the goods have been received before accepting the recharge. If there are any discrepancies these should be reported to the Chief Finance Officer or delegated officer to avoid overpayments where such discrepancies cannot be resolved via the procurement team.

15 DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

15.1 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 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:

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

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

15.2 Losses and Special Payments

15.2.1 Procedures

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

Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their supervisor, line manager or head of department, except where fraud, bribery or corruption is suspected in which case a referral must be made to the LCFS for investigation in accordance with the Trust's counter Fraud, Bribery and Corruption Policy. The senior officer must immediately inform the Chief Executive and the Chief Finance Officer or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Chief Finance Officer and/or Chief Executive.

Where a criminal offence is suspected, the Chief Finance Officer must immediately inform the police if theft, criminal damage or arson is involved.

In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the Chief Finance Officer must inform Counter Fraud, NHS Protect with Secretary of State for Health's Directions, the Anti-Fraud and Security Management Services (AFSMS) and the External Auditor of all frauds.

For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Chief Finance Officer Finance must immediately notify:

- a) the Board, and
- b) the External Auditor.

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

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

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

The Chief Finance Officer shall maintain a Losses and Special Payments Register in which write-off action is recorded.

No special payments exceeding delegated limits shall be made without the prior approval of the Department of Health.

All losses and special payments must be reported to the Audit and Assurance Committee.

16 Information Technology

16.1 Responsibilities and Duties.

The Chief Finance Officer, who is responsible for the accuracy and security of the computerised financial data of the Trust, shall in liaison with the Director of Asset Management and ICT;

- a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Trust's data, programs and computer hardware for which the Director is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998 and GDPR 2018;
- b) ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;
- c) ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
- d) ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as the Director or Data Protection Officer (DPO) may consider necessary are being carried out.

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

The Company Secretary shall publish and maintain a Freedom of Information (FOI) Publication Scheme, or adopt a model Publication Scheme approved by the Information Commissioner. A Publication Scheme is a complete guide to the information routinely published by a public authority. It describes the classes or types of information about our Trust that we make publicly available.

In the case of computer systems which are proposed General Applications (i.e. normally those applications which the majority of Trust's in the Region wish to sponsor jointly) all responsible directors and employees will send to the Chief Finance Officer;

- a) details of the outline design of the system;
- b) in the case of packages acquired either from a commercial organisation, from the NHS, or from another public sector organisation, the operational requirement.

16.2 Contracts for Computer Services with other health bodies or outside agencies

The Chief Finance Officer shall ensure that contracts for computer services for

financial applications with another health organisation or any other agency shall clearly define the responsibility of all parties for the security, privacy (in line with GDPR), accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes.

Where another health organisation or any other agency provides a computer service for financial applications, the Chief Finance Officer shall periodically seek assurances that adequate controls are in operation.

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

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

16.3 Risk Assessment

The Chief Finance Officer in liaison with the Director of Asset Management and ICT shall ensure that risks to the Trust arising from the use of Information Technology are effectively identified, considered and appropriate action taken to mitigate or control risk. This shall include the preparation and testing of appropriate disaster recovery plans.

16.4 Safekeeping of Patients' Property and Valuables

The Trust has a responsibility to provide safe custody for money and other personal property (hereafter referred to as "property") handed in by patients, in the possession of unconscious or confused patients, or found in the possession of patients dying in hospital or dead on arrival.

Staff have a duty of care to make every effort to take care of patients' possessions, which are not handed in for safe keeping, particularly if the patient does not have the capacity to look after their own possessions; this includes items of daily living such as glasses, false teeth, hearing aids etc.

The Chief Executive is responsible for ensuring that patients or their guardians, as appropriate, are informed before or at admission by:

- a) notices and information booklets;
- b) hospital admission documentation and property records;
- c) the oral advice of administrative and nursing staff responsible for admissions,

that the Trust will not accept responsibility or liability for patients' property brought

into the Trust's premises, subject to the exceptions identified above, unless it is handed in for safe custody and a copy of an official patients' property record is obtained as a receipt.

Patients electing not to conform to this guidance must indemnify the Trust against any loss.

The Chief Nursing Officer must provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients' property (including instructions on the disposal of the property of deceased patients and of patients transferred to other premises) for all staff whose duty is to administer, in any way, the property of patients.

Where Department of Health instructions require the opening of separate accounts for patients' moneys, these shall be opened and operated under arrangements agreed by the Chief Finance Officer. Due care should be exercised in the management of a patient's money in order to maximise the benefits to the patient.

In all cases where property of a deceased patient is of a total value in excess of £5,000 (or such other amount as may be prescribed by any amendment to the Administration of Estates, (Small Payments), Act 1965), the production of probate or letters of administration shall be required before any of the property is released. Where the total value of property is £5,000 or less, forms of indemnity shall be obtained.

Staff should be informed, on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.

Where patients' property or income is received for specific purposes and held for safekeeping the property or income shall be used only for that purpose, unless any variation is approved by the donor or patient in writing.

Patients' income, including pensions and allowances, shall be dealt with in accordance with current Department of Health and Department of Social Security instructions and guidelines.

17 Risk Management and Insurance

17.1 Programme of Risk Management

The Chief Executive shall ensure that the 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.

The programme of risk management shall include:

- a) a process for identifying and quantifying risks and potential liabilities;
- b) engendering among all levels of staff a positive attitude towards the control of risk;
- c) management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control, cost effective insurance cover, and decisions on the acceptable level of retained risk;
- d) contingency plans to offset the impact of adverse events;
- e) audit arrangements including; internal audit, clinical audit, health and safety review;
- f) a clear decision of which risks shall be insured;
- g) arrangements to review the risk management programme;
- h) appropriate levels of external accreditation.

The existence, integration and evaluation of the above elements will assist in providing a basis for the effectiveness element under the Annual Governance Statement (within the Annual Report and Accounts) as required by current Department of Health guidance.

The Board shall decide if the Trust will insure through the various schemes administered through the NHS Resolution (NHSR) or self-insure for some or all of the risks. If the Board decides not to use the NHSR 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.

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

1. insuring motor vehicles owned or leased by the Trust including insuring third party liability arising from their use;
2. where the Trust is involved with a consortium in a Private Finance Initiative contract and the other consortium members require that commercial insurance arrangements are entered into; and
3. where income generation activities take place. Income generation activities should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by the Trust for a NHS purpose the activity may be covered in the risk pool.

Confirmation of coverage in the risk pool must be obtained from the NHSR.

4. Where it is necessary to ensure that the Trust is able to continue providing a service where adequate levels of insurance are not available under any of the schemes administered by the NHSR, the Trust arranges a policy in the name of “the employees of the Trust” or “members, for the time being, of a specific team”. In such cases, the premium must be:
 - i. Paid by the use of charitable funds, providing the Trust establishes through the Charities Commission, or other relevant regulatory bod, whether this is an appropriate use of funds, or
 - ii. Paid by members of the team and then reimbursed by the Trust, or
 - iii. Paid by the Trust, provided this is with the recognition, and approval, of the Chief Finance Officer and/or internal audit.

In any case of doubt concerning a Trust’s powers to enter into commercial insurance arrangements the Chief Finance Officer should first consult the NHSR and then the Department of Health.

Where the Board decides to use the schemes administered by the NHSR the Chief Finance Officer shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Chief Finance Officer shall ensure that documented procedures cover these arrangements.

Where the Board decides not to use the risk pooling schemes administered by the NHS Resolution for one or other of the risks covered by the schemes, the Chief Finance Officer shall ensure that the Board is informed of the nature and extent of the risks that are self-insured as a result of this decision. The Chief Finance Officer will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses which will not be reimbursed.

All the NHSR risk pooling schemes require Scheme members to make some contribution to the settlement of claims (the ‘deductible’ element). The Chief Finance Officer should ensure documented procedures also cover the management of claims and payments below the deductible in each case.

18 Other Miscellaneous

18.1 Charitable Donations

Standing Order No. 1 outlines the Trust's responsibilities as a corporate trustee for the management of funds it holds on trust, and it defines the need for compliance with Charities Commission latest guidance and best practice.

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

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

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

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

Where staff are aware of patients or groups who wish to set up a charity, they are advised in the first instance to contact the Finance Department to find the appropriate designated WAHT Charity Funds.

No separate bank accounts should be opened or maintained other than those authorised by the Charity Trustees.

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

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

18.2 Acceptance of Gifts by Staff

The Chief Finance Officer will ensure that all staff comply with Law, with Managing Conflicts of Interest in the NHS and other Guidance, and with Good Practice, in relation to gifts, hospitality and other inducements and actual or potential conflicts of interest. All gifts and hospitality will be recorded by the company secretary.

18.3 Retention of Records

The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with NHS Improvements and Department of Health guidelines.

The records held in archives shall be capable of retrieval by authorised persons.

Records held in accordance with latest Department of Health guidance shall only be destroyed before the specified guidance limits at the express authority of the Chief Executive or Chief Finance Officer. Proper details shall be maintained of records and information so destroyed.

18.4 Partnership Agreements

The Trust shall ensure, through the Chief Executive, that there are processes in place for establishing and reviewing the effectiveness of all partnership arrangements and that these are appropriate for the local circumstances.

18.5 International Financial Reporting Standards (IFRS)

The Trust is required to report all its financial transactions in compliance with IFRS subject to amendments issued by the Department of Health through the NHS Manual of Accounts. It is important that the reporting requirements of IFRS are anticipated and provided for when making decisions which have an impact on the Trust's financial position. This is particularly the case in respect of capital investment, leasing, use of external private finance and contractual relationships with other parties. The Chief Finance Officer and his team should be consulted for advice in such instances.

19 Training, Implementation and Resources

19.1 Training

There are no specific training needs arising from this policy. Managers and staff may seek advice from the finance team in case of a query. This policy will be available in the Trust Policy Documents Library for reference by staff as appropriate. This policy will be re-enforced through regular Budget Holder and Budget Manager training

19.2 Implementation

There is no specific new implementation required. Following approval by the Trust Board the revised document will be communicated to staff via a communication programme administered by the Chief Finance Officer.

19.3 Resources

There is no additional resources required arising from this version.