

TRUST BOARD
28th April 2011

TITLE	STANDING FINANCIAL INSTRUCTIONS AND SCHEME OF DELEGATION 2011-12
EXECUTIVE SUMMARY	<p>Standing Financial Instructions and the Scheme of Delegation are reviewed annually.</p> <p>This has been completed and a number of changes are proposed linking to the following themes:</p> <ol style="list-style-type: none"> 1. Foundation Trust status has required changes; 2. Updating in respect of legislation; and 3. General clarification. <p>These Standing Financial Instructions and Scheme of Delegation were reviewed and ratified by the Audit Committee at its meeting held on 23rd March 2011.</p>
BOARD ASSURANCE (Risk) / IMPLICATIONS	It is essential that the Board is able to demonstrate strong governance in order that appropriate and timely decisions can be taken. If Standing Financial instructions and the Scheme of Delegation are not up to date there is a risk that the Board sub-committees and management structures may not be aware of authority levels for decision making.
STAKEHOLDER / PATIENT IMPACT AND VIEWS	The updates reflect comments received by the Director of Finance and Information throughout 2010/11.
EQUALITY AND DIVERSITY ISSUES	EQIA to be completed.
LEGAL ISSUES	Both documents have been updated to reflect current legislation.
The Trust Board is asked to:	Approve the Standing Financial Instructions and Scheme of Delegation.
Submitted by:	John Headley, Director of Finance and Information Jane Gear, Head of Corporate Affairs
Date:	20 th April 2011
Decision:	For Approving

STANDING FINANCIAL INSTRUCTIONS

Formatted Table

Formatted: Font: (Default) Arial, 16 pt

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 2011	Issue 3	Page 1 of 37
---------------------------------------	-----------	-----------------------------	---	--------------------	--------------

STANDING FINANCIAL INSTRUCTIONS

CONTENTS

Section	CONTENTS	Page No
1	Introduction	39
2	Audit	642
3	Allocations, Business Planning, Budgets, Budgetary Control a And Monitoring	448
4	Annual Accounts a And Reports	4610
5	Bank A and GBS Accounts	1147
6	Income, Fees a And Charges a And Security o f Cash, Cheques a And Other Negotiable Instruments	4812
7	Contracting f For Provision Of Services	1349
8	Terms of Service and Payment of Directors and Employees	149
9	Non-Pay Expenditure	5216
10	External Borrowing And Investments	5620
11	Capital Investment, Private Financing, Fixed Asset Registers a And Security o f Assets	5721
12	Stores a And Receipt o f Goods	6023
13	Disposals a And Condemnations, Losses a And Special Payments	6124
14	Information Technology	625
15	Patients' Property	6327
16	Funds Held o n Trust	2764
17	Retention o f Documents	6528
18	Risk Management a And Insurance	6528

Formatted: Font: (Default) Arial

1 INTRODUCTION

1.1 GENERAL

1.1.1 ~~The Ashford and St. Peter's Hospitals NHS Foundation Trust (the "Trust") is a public benefit corporation which was established under the National Health Service Act 2006 (the "2006 Act").~~

Formatted: Font: Arial, 11 pt

~~The Trust is governed by the 2006 Act, its Constitution and Authorisation granted by the Monitor (the Regulatory Framework). The functions of the Trust are conferred by the Regulatory Framework. The Regulatory Framework and in particular paragraph 28 of the Constitution requires the Board Directors of the Trust to adopt Standing Orders for the regulation of its proceedings and business, and the Trust incorporates these Standing Financial Instructions as part of the Standing Orders.~~

Formatted: Font: 11 pt

Formatted: Justified

Formatted: Font: 11 pt, English (U.K.)

Formatted: Font: 11 pt

Formatted: Font: 11 pt, English (U.K.)

Formatted: Font: 11 pt

~~The Trust is also required to comply with the Compliance Framework (updated annually); the NHS Foundation Trust Code of Governance, the Audit Code for NHS Foundation Trusts, the Prudential Borrowing Code for NHS Foundation Trusts, the NHS Foundation Trust Financial Reporting Manual as updated from time to time and any other relevant guidance issued by the regulator.~~

Formatted: Font: 11 pt, English (U.K.)

Formatted: Font: 11 pt

Formatted: Font: 11 pt, English (U.K.)

Formatted: Font: 11 pt

Formatted: Font: 11 pt, English (U.K.)

Formatted: Font: 11 pt

~~These Standing Financial Instructions together with the Standing Orders and the Scheme of Delegation provide a comprehensive business framework for the functions of the Trust and have effect as if they all are incorporated into the Standing Orders. All Executive and Non-Executive Directors, and Officers should be aware of the existence of these documents and, where necessary, be familiar with the detailed provisions. 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 SFIs for the regulation of the conduct of its members and officers in relation to all financial matters with which they are concerned. They shall have effect as if incorporated in the Standing Orders (SOs) of the Trust.~~

Formatted: Font: 11 pt

Formatted: Font: 11 pt, English (U.K.)

Formatted: Font: 11 pt

Formatted: Font: 11 pt, English (U.K.)

Formatted: Font: 11 pt

Formatted: Font: 11 pt, English (U.K.)

Formatted: Font: 11 pt

Formatted: Font: (Default) Arial, 11

Formatted: Indent: First line: 0 cm

Formatted: Font: (Default) Arial

Formatted: Font: Arial, 11 pt

Formatted: Font: (Default) Arial

~~1.1.2 These SFIs detail the financial responsibilities, policies and procedures to be adopted by the Trust. They are designed to ensure that its financial transactions are carried out in accordance with the law and Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Decisions Reserved to the Board and the Scheme of Delegation adopted by the Trust.~~

1.1.23 These SFIs identify the financial responsibilities which apply to everyone working for the Trust and its constituent organisations including Trading Units. They do not provide detailed procedural advice. These statements should therefore be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Director of Finance & Information.

1.1.34 Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of the Director of Finance & Information must be sought before acting. The user of these SFIs should also be familiar with, and comply, with the provisions of the Trust's Standing Orders (SOs).

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 2019	Issue 34	Page 3 of 37
---------------------------------------	-----------	-----------------------------	---	---------------------	--------------

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

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

1.2 TERMINOLOGY

1.2.1 Any expression to which a meaning is given in ~~NHS Health Service Acts 2006, or in the Financial Directions made under the Acts,~~ shall have the same meaning in these instructions.

- a) ~~"Trust"~~ means the Ashford and St Peter's Hospitals NHS ~~Foundation~~ Trust.
- b) ~~"Accounting Officer"~~ means the person who from time to time discharges the functions specified in paragraph 25(5) of Schedule 7 to the 2006 Act, namely the Chief Executive.
- c) ~~"Board or Board of Directors"~~ means the Chairman, and the Executive and Non-Executive Directors of the Trust collectively as a body.
~~b) "Board"~~ means the Board of the Trust.
- d) ~~"Budget"~~ means a resource, expressed in financial terms, proposed by the Board for the purpose of carrying out, for a specific period, any or all of the functions of the Trust.
- e) ~~"Budget Holder"~~ means the director or employee with delegated authority to manage finances (Income and Expenditure) for a specific area of the organisation.
- f) ~~"Chief Executive"~~ means the chief officer (and Accounting Officer) of the Trust appointed in accordance with paragraphs 25 or 26 of the Constitution.
- e) ~~"Chief Executive"~~ means the chief officer of the Trust.
- f)g) ~~"Director of Finance & Information"~~ means the ~~Ce~~hief ~~f~~inancial ~~e~~Officer of the Trust.
- h) ~~"Funds held on trust"~~ means those funds which the Trust holds on its date of incorporation, receives on distribution by statutory instrument or chooses subsequently to accept under powers derived under S.40 of the NHS Act 2006, as amended. Such funds may or may not be charitable.
- g) ~~shall mean those funds which the Trust holds at 1st April 1996 or date of incorporation, receives on distribution by statutory instrument or chooses subsequently to accept under powers derived under S.90 of the NHS Act 1977,~~

- Formatted: Font: (Default) Arial, Bold
- Formatted: Font: (Default) Arial
- Formatted: Bullets and Numbering
- Formatted: Font: (Default) Arial
- Formatted: Justified, Indent: Hanging: 0.75 cm, Numbered + Level: 1 + Numbering Style: a, b, c, ... + Start at: 1 + Alignment: Left + Aligned at: 1.75 cm + Indent at: 2.25 cm
- Formatted: Font: (Default) Arial
- Formatted: Indent: Left: 2.52 cm, No bullets or numbering
- Formatted: Font: (Default) Arial, Bold
- Formatted: Font: (Default) Arial
- Formatted: Font: (Default) Arial, Bold
- Formatted: Font: (Default) Arial
- Formatted: Indent: Hanging: 0.75 cm, Numbered + Level: 1 + Numbering Style: a, b, c, ... + Start at: 1 + Alignment: Left + Aligned at: 1.75 cm + Indent at: 2.25 cm
- Formatted: Font: (Default) Arial
- Formatted: Bullets and Numbering
- Formatted: Font: (Default) Arial, Bold
- Formatted: Font: (Default) Arial
- Formatted: Justified, Indent: Hanging: 0.75 cm, Numbered + Level: 1 + Numbering Style: a, b, c, ... + Start at: 1 + Alignment: Left + Aligned at: 1.75 cm + Indent at: 2.25 cm
- Formatted: Font: (Default) Arial, Bold
- Formatted: Font: (Default) Arial
- Formatted: Justified, Indent: Left: 2.25 cm
- Formatted: English (U.K.)
- Formatted: Font: (Default) Arial
- Formatted: Bullets and Numbering

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 2019	Issue 34	Page 4 of 37
---------------------------------------	-----------	-----------------------------	--	----------	--------------

~~as amended. Such funds may or may not be charitable.~~

~~h)j)~~ **"Legal Adviser"** means the properly qualified person appointed by the Trust to provide legal advice.

Formatted: Font: (Default) Arial, Bold

Formatted: Font: (Default) Arial

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

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

1.3 RESPONSIBILITIES AND DELEGATION

1.3.1 The Board exercises financial supervision and control by:

- (a) Formulating the financial strategy.
- (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).
- (d) Defining specific responsibilities placed on directors and employees as indicated in the Scheme of Delegation document.

1.3.2 The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the 'Reservation of Powers to the Board' document.

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

1.3.4 Within the SFIs, it is acknowledged that the Chief Executive is ultimately accountable to the Board, and as ~~accountable~~ accounting 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 Board for ensuring that its financial obligations and targets are met and has overall responsibility for the Trust's system of internal control.

1.3.5 The Chief Executive and Director of Finance & Information will, as far as possible, delegate their detailed responsibilities but they remain accountable for financial control.

~~1.3.5-~~

1.3.6 It is a duty of the Chief Executive to ensure that existing directors and employees and all new appointees are notified of and understand their responsibilities within these Instructions.

Formatted: Indent: Left: 1.16 cm, No bullets or numbering

Formatted: Bullets and Numbering

1.3.7 The Director of Finance & Information is responsible for:

- (a) Implementing the Trust's financial policies and for co-ordinating any corrective action necessary to further these policies.
- (b) Maintaining an effective system of internal financial control including ensuring

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 2019	Issue 34	Page 5 of 37
---------------------------------------	-----------	-----------------------------	---	---------------------	--------------

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.

- (c) 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.

Without prejudice to any other functions of directors and employees to the Trust, the duties of the Director of Finance & Information include:

Formatted: Indent: Left: 2.5 cm, First line: 0 cm

- (d) The provision of financial advice to the Trust and its directors and employees.
- (e) The design, implementation and supervision of systems of internal financial control.
- (f) The preparation and maintenance of such accounts, certificates, estimates, records and reports as the Trust may require for the purpose of carrying out its statutory duties

1.3.8 All directors and employees, severally and collectively, are responsible for:

Formatted: Tab stops: 1.25 cm, Left

- (a) The security of the property of the Trust.
- (b) Avoiding loss.
- (c) Exercising economy and efficiency in the use of resources.
- (d) Conforming with the requirements of Standing Orders, Standing Financial Instructions, Scheme of Delegation and Financial Procedures ~~and the Scheme of Delegation.~~

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

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

2 AUDIT

2.1 AUDIT COMMITTEE

2.1.1 In accordance with the Constitution and Standing Orders the Board of Directors shall formally establish an Audit Committee, with clearly defined terms of reference and in accordance with guidance in the FT Code of Governance issued by Monitor in 2010, the Audit Code for NHS Foundation Trusts (October 2007/December 2005) and any other relevant directions and guidance issued by Monitor or any other relevant body, which will provide an independent and objective view of internal control by:

Formatted: Justified, Indent: Hanging: 1.25 cm

Formatted: Justified

~~In accordance with Standing Orders the Board shall formally establish an Audit Committee, with clearly defined terms of reference and following guidance from the NHS Audit Committee Handbook (2005), which will provide an independent and objective view of~~

Formatted: Font: (Default) Arial

Formatted: Font: Arial

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 2011 9	Issue 34	Page 6 of 37
---------------------------------------	-----------	-----------------------------	---	---------------------	--------------

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) reviewing 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 the arrangements in place to support the Assurance Framework process prepared on behalf of the Board and advising the Board accordingly.

Formatted: Font: (Default) Arial

2.1.2 Where the Audit Committee feel there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the eCommittee wish to raise, the Cchairman of the Audit Committee should raise the matter at a full meeting of the Bboard. Exceptionally, the matter may need to be referred to the Department of Health, (to the Director of Finance & Information in the first instance).

2.1.3 It is the responsibility of the Director of Finance & Information to ensure an adequate internal audit service is provided and the Audit Committee shall be involved in the selection process when an internal audit service provider is changed.

2.2 FRAUD AND CORRUPTION

2.2.1 In line with their responsibilities, the Chief Executive and Director of Finance & Information shall monitor and ensure compliance with Secretary of State Directions on fraud and corruption.

2.2.2 The Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist as specified by the NHS Fraud and Corruption Manual and guidance.

2.2.3 The Local Counter Fraud Specialist shall report to the Health Authority/NHS Trust Director of Finance & Information and shall work with staff in the NHS Protect (ex Counter Fraud and Security Management Services (CFSMS) and the Regional Counter Fraud and Security Management Services (CSFMS)) in accordance with the Department of Health Fraud and Corruption Manual.

2.3 DIRECTOR OF FINANCE & INFORMATION

2.3.1 The Director of Finance & Information 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;

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 2019	Issue 34	Page 7 of 37
---------------------------------------	-----------	-----------------------------	--	----------	--------------

- (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 and corruption;
- (d) ensuring that an annual internal audit report is prepared for the consideration of the Audit 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.

Formatted: Space After: 0 pt

2.3.2 The Director of Finance & Information or designated auditors 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 employee of the Trust.
- (c) The production of any cash, stores or other property of the Trust under an employee's control.
- (d) Explanations concerning any matter under investigation.

2.4 ROLE OF INTERNAL AUDIT

2.4.1 Internal Audit will 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 extent to which the Trust/Authority'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.

2.4.2 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 Director of Finance & Information must be notified immediately.

2.4.3 The Head of Internal Audit will normally attend Audit Committee meetings and has a

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 2019	Issue 34	Page 8 of 37
---------------------------------------	-----------	-----------------------------	---	----------	--------------

right of access to all Audit Committee members, the Chairman and Chief Executive of the Trust.

2.4.4 The Head of Internal Audit shall be accountable to the Director of Finance & Information. The reporting system for internal audit shall be agreed between the Director of Finance & Information, the Audit Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit Standards. The reporting system shall be reviewed at least every 3 years.

2.5 EXTERNAL AUDIT

2.5.1 The Auditor is appointed in accordance with the provisions of paragraph 34.4 of the Constitution by the Trust and paid for by the Trust. The Auditor must ensure a cost efficient service and comply with Monitor's Audit Code.

Formatted: Justified

~~The external auditor is appointed by the Audit Commission and paid for by the Trust. The Audit Committee must ensure a cost efficient service. Should there appear to be a problem, then this should be raised with the external auditor and referred on to the Audit Commission if the issue cannot be resolved.~~

Formatted: Font: (Default) Arial

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

3.1 PREPARATION AND APPROVAL OF BUSINESS PLANS AND BUDGETS

3.1.1 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.

3.1.2 Prior to the start of the financial year the Director of Finance & Information 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 annual business plan;
- (b) Accord with ~~workload activity~~ and ~~manpower workforce~~ plans.
- (c) Be produced following discussion with appropriate budget holders.
- (d) Be prepared within the limits of available funds.
- (e) Identify potential risks.

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

3.1.3 The Director of Finance & Information shall monitor financial performance against budget and business plan, periodically review them, and report to the Board.

3.1.4 All budget holders must provide information as required by the Director of Finance & Information to enable budgets to be compiled.

3.1.5 The Director of Finance & Information has a responsibility to ensure that adequate

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 2019	Issue 34	Page 9 of 37
---------------------------------------	-----------	-----------------------------	---	----------	--------------

training is delivered on an on-going basis to budget holders to help them manage successfully.

3.2 BUDGETARY DELEGATION

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

- (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.
- (f) The provision of regular reports.

3.2.2 The Chief Executive and delegated budget holders must not exceed the budgetary total or virement limits set by the Board.

3.2.3 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Executive, subject to any authorised use of virement.

3.2.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the Director of Finance & Information.

Formatted: Font: Arial

Formatted: Font: Arial

3.3 BUDGETARY CONTROL AND REPORTING

3.3.1 The Director of Finance & Information 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) Capital project spend and projected outturn against plan.
 - (iv) Explanations of any material variances from plan.
 - (v) Details of any corrective action where necessary and the Chief Executive's and/or Director of Finance & Information's 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-activity~~ and ~~manpower-workforce~~ budgets.
- (d) Monitoring of management action to correct variances.
- (e) Arrangements for the authorisation of budget transfers.

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

3.3.2 Each Budget Holder is responsible for ensuring that:

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 201 9	Issue 34	Page 10 of 37
---------------------------------------	-----------	-----------------------------	--	---------------------	---------------

- (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 in the budgeted establishment as approved by the Board.

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

3.4 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 Chapter 11.)

3.5 MONITORING RETURNS

The Chief Executive is responsible for ensuring that the appropriate monitoring forms are submitted to Monitor and any other the requisite monitoring organisation.

4. ANNUAL ACCOUNTS AND REPORTS

4.1 The Director of Finance & Information, on behalf of the Trust, will:

- (a) Prepare financial returns in accordance with the accounting policies and guidance given by ~~the Department of Health~~ Monitor and the Treasury, the Trust's accounting policies, and generally accepted accounting practice.
- (b) Prepare and submit annual financial reports to ~~the Secretary of State~~ Monitor certified in accordance with current guidelines.
- (c) Submit financial returns to the ~~Secretary of State~~ Monitor for each financial year in accordance with the timetable prescribed by ~~the Department of Health~~ Monitor.

4.2 In accordance with paragraph 37 of the Constitution, the Trust's annual accounts must be audited by an auditor appointed by the Council of Governors at a general meeting of the Council of Governors. The Trust's audited annual accounts must be presented to a public meeting and made available to the public.
~~The Trust's annual accounts must be audited by an auditor appointed by the Audit Commission. The Trust's audited annual accounts must be presented to a public meeting and made available to the public.~~

4.3 The Trust will publish an annual report, in accordance with the Constitution and Monitor's NHS Foundation Trust Financial Reporting Manual and send it to Monitor.
~~The Trust will publish an annual report, in accordance with guidelines on local accountability, and present it at a public meeting. (See EL(94)40). The document will comply with the Department of Health's Manual for Accounts.~~

- Formatted:** Justified
- Formatted:** Justified, Indent: Left: 1.25 cm
- Formatted:** Font: Arial
- Formatted:** Justified, Indent: Left: 1.25 cm, First line: 0 cm, Don't adjust space between Latin and Asian text, Don't adjust space between Asian text and numbers
- Formatted:** Font: (Default) Arial
- Formatted:** Justified, Indent: Hanging: 1.25 cm
- Formatted:** English (U.K.)
- Formatted:** Justified
- Formatted:** Font: (Default) Arial
- Formatted:** Justified, Indent: Left: 0 cm, Hanging: 1.36 cm

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 2019	Issue 34	Page 11 of 37
---------------------------------------	-----------	-----------------------------	--	---------------------	---------------

5 **BANK AND GBS ACCOUNTS**

5.1 **GENERAL**

5.1.1 The Director of Finance & Information is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of accounts. This advice will take into account guidance/ Directions issued from time to time by the Department of Health ~~and Monitor, in line with 'Cash Management in the NHS' Trusts should minimize the use of commercial bank accounts.~~

Formatted: Font: (Default) Arial

Formatted: Font: Arial

5.1.2 The Board shall approve the banking arrangements.

5.2 **BANK AND GBS ACCOUNTS**

5.2.1 The Director of Finance & Information is responsible for:

- (a) Bank accounts and Government Banking Service (GBS) accounts.
- (b) Establishing separate bank accounts for the Trust's non-exchequer funds.
- (c) Ensuring payments made from bank or GBS accounts do not exceed the amount credited to the account except where arrangements have been made.
- (d) Reporting to the Board all arrangements made with the Trust's bankers for accounts to be overdrawn.
- (e) monitoring compliance with ~~DH guidance on the level of cleared funds any bank covenants~~

Formatted: Font: (Default) Arial

5.3 **BANKING PROCEDURES**

5.3.1 The Director of Finance & Information will prepare detailed instructions on the operation of bank and GBS accounts which must include:

- (a) The conditions under which each bank and GBS account is to be operated.
- (b) The limit to be applied to any overdraft.
- (c) Those authorised to sign cheques or other orders drawn on the Trust's accounts.

5.3.2 The Director of Finance & Information must advise the Trust's bankers in writing of the conditions under which each account will be operated.

5.3.3 One authorised signature is required on cheques of value up to £1,000. Two authorised signatories are required on cheques above £1,000 in value. These arrangements shall also apply where a cheque signing plate is used.

5.4 **TENDERING AND REVIEW**

5.4.1 The Director of Finance & Information will review the commercial banking arrangements of the Trust at regular intervals to ensure they reflect best practice and represent best value for money by periodically seeking competitive tenders for the Trust's banking business.

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 2019	Issue 34	Page 12 of 37
---------------------------------------	-----------	-----------------------------	---	---------------------	---------------

5.4.2 Competitive tenders should be sought at least every 5 years. The results of the tendering exercise should be reported to the Board. This is not necessary for GBS accounts.

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

6.1 INCOME SYSTEMS

6.1.1 The Director of Finance & Information is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due.

6.1.2 The Director of Finance & Information is also responsible for the prompt banking of all monies received.

6.2 FEES AND CHARGES

6.2.1 The Trust shall follow the ~~NHS Executive's~~[Department of Health's](#) advice in the "Costing" Manual in setting prices for NHS service agreements.

6.2.2 The Director of Finance & Information 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~~ ~~infor~~ the NHS shall be followed.

Formatted: Font: Arial

Formatted: Font: Arial

Formatted: Font: Arial

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

6.3 DEBT RECOVERY

6.3.1 The Director of Finance & Information is responsible for the appropriate recovery action on all outstanding debts.

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

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

6.4 SECURITY OF CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUMENTS

6.4.1 The Director of Finance & Information 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.

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 2019	Issue 34	Page 13 of 37
---------------------------------------	-----------	-----------------------------	---	---------------------	---------------

(d) Prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust.

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

6.4.3 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Director of Finance & Information.

6.4.4 The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Trust is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Trust from responsibility for any loss.

7 CONTRACTING FOR PROVISION OF SERVICES

~~7.1~~ The Chief Executive, as the Accounting Officer, is responsible for ensuring the Trust enters into suitable legally binding Agreements with service commissioners for the provision of NHS services. All Agreements should aim to implement the agreed priorities contained within the Business Plan. In discharging this responsibility, the Chief Executive should take into account:

Formatted: Justified, Indent: Left: 0 cm, Hanging: 1.25 cm

~~7.1.1~~ the standards of service quality expected;

Formatted: English (U.K.)

~~7.1.1.2~~ the relevant national service framework (if any);

Formatted: Justified, Indent: Left: 1.25 cm

~~7.1.1.3~~ the provision of reliable information on cost and volume of services; and

Formatted: English (U.K.)

~~7.1.1.4~~ any model contracts issued by the Department of Health.

Formatted: English (U.K.)

Formatted: English (U.K.)

Where the Trust makes arrangements for the provision of services by non-NHS providers it is the Chief Executive, as the Accounting Officer, who is responsible for ensuring that the agreements put in place have due regard to the quality and the cost-effectiveness of the services provided.

Formatted: Justified

Formatted: Justified, Indent: Left: 1.25 cm

Formatted: English (U.K.)

~~7.2~~ The Chief Executive is responsible for negotiating contracts for the provision of services to patients in accordance with the Business Plan, and for establishing the arrangements for providing extra contractual services. In carrying out these functions, the Chief Executive should take into account the advice of the Director of Finance & Information regarding:

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

(a) Costing and pricing of services.

(b) Payment terms and conditions.

(c) Amendments to contracts and extra-contractual arrangements.

~~7.3~~ Contracts should be so devised as to minimise risk whilst maximising the Trust's opportunity to generate income. Contract prices shall comply with "Costing" manual guidelines.

Formatted: Font: (Default) Arial

~~7.4~~ The Director of Finance & Information shall produce regular reports detailing actual and forecast contract income [linked to contract activity] with a detailed assessment of

Formatted: Font: (Default) Arial

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 2019	Issue 34	Page 14 of 37
---------------------------------------	-----------	-----------------------------	---	---------------------	---------------

the impact of the variable elements of income.

7.54 Any pricing of contracts at marginal cost must be undertaken by the Director of Finance & Information and reported to the Board.

Formatted: Font: (Default) Arial

8 TERMS OF SERVICE AND PAYMENT OF DIRECTORS AND EMPLOYEES

8.1 REMUNERATION AND TERMS OF SERVICE

8.1.1 In accordance with Standing Orders the Board shall establish a Remuneration and Terms of Service Committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting. ~~(see NHS guidance).~~

8.1.2 The Committee will:

- (a) Advise the Board about appropriate remuneration and terms of service for the Chief Executive and other executive directors (and other senior employees), including:
 - (i) All aspects of salary (including any performance-related elements and bonuses);
 - (ii) Provisions for other benefits, including pensions and cars; ~~and~~
 - (iii) Arrangements for termination of employment and other contractual terms.
- (b) Make such recommendations to the Board on the remuneration and terms of service of executive directors (and other senior employees) to ensure they are fairly rewarded for their individual contribution to the Trust, having proper regard to the Trust's circumstances and performance and to the provisions of any national arrangements for such staff where appropriate.
- (c) Monitor and evaluate the performance of individual executive directors (and other senior employees).
- (d) Advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

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

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

8.1.5 The Trust will pay allowances to the Chairman and other non- Executive Directors in accordance with the decision of the Council of Governors in accordance with paragraph 30.1 of the Constitution.

Formatted: Justified, Indent:
Hanging: 1.25 cm

~~The Trust will remunerate the Chairman and Non executive Directors in accordance with instructions issued by the Secretary of State.~~

Formatted: Font: (Default) Arial

8.2 FUNDED ESTABLISHMENT

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 2019	Issue 34	Page 15 of 37
---------------------------------------	-----------	-----------------------------	--	----------	---------------

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

Formatted: Font: (Default) Arial

8.2.2 The funded establishment of any department may not be varied without the approval of the Chief Executive.

8.3 STAFF APPOINTMENTS

8.3.1 No director or employee may engage, re-engage, or regrade 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) and is within the limit of approved budget and funded establishment.

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

8.4 PROCESSING OF PAYROLL

8.4.1 The Director of Finance & Information is responsible for:

- (a) Specifying timetables for submission of properly authorised time records and other notifications.
- (b) The final determination of pay.
- (c) Making payment on agreed dates.
- (d) Agreeing method of payment.

8.4.2 The Director of Finance & Information will ~~ensure issue~~ instructions ~~are issued~~ regarding:

Formatted: Indent: Left: 0 cm, Hanging: 1.25 cm

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

- (a) Verification and documentation of data.
- (b) The timetable for receipt and preparation of payroll data and the payment of employees.
- (c) Maintenance of subsidiary records for superannuation, income tax, social security 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.
- (g) Methods of payment available to various categories of employee.
- (h) Procedures for payment by cheque, bank credit, or cash to employees.
- (i) Procedures for the recall of cheques and bank credits.

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 2019	Issue 34	Page 16 of 37
---------------------------------------	-----------	-----------------------------	---	---------------------	---------------

- (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 leavers of sums of money and property due by them to the Trust.

8.4.3 Appropriately nominated managers have delegated responsibility for:

- (a) Submitting time records, and other notifications in accordance with agreed timetables.
- (b) Completing time records and other notifications in accordance with the Director of Finance & Information's instructions and in the form prescribed by the Director of Finance & Information.
- (c) Submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's resignation, termination or retirement. Where an employee fails to report for duty in circumstances that suggest they have left without notice, the Director of Finance & Information must be informed immediately.

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

8.5 **CONTRACTS OF EMPLOYMENT**

The Board shall delegate responsibility to a manager 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.
- (b) Dealing with variations to, or termination of, contracts of employment.

9 NON-PAY EXPENDITURE

9.1 DELEGATION OF AUTHORITY

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

9.1.2 The Chief Executive 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.

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March/April 2019	Issue 34	Page 17 of 37
---------------------------------------	-----------	-----------------------------	--	---------------------	---------------

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

9.1.4 The Director of Finance & Information will be responsible for maintaining a list of authorised signatories. All authorised signatories are responsible for ensuring that the correct number of quotations and tenders are obtained as set out in the Trust's Scheme of Delegation~~tending Orders~~.

Formatted: Font: (Default) Arial

9.2 CHOICE, REQUISITIONING, ORDERING, RECEIPT AND PAYMENT FOR GOODS AND SERVICES

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

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

9.2.3 The Director of Finance & Information 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 the Scheme of Delegation~~standing orders~~ and regularly reviewed.

Formatted: Font: (Default) Arial

(b) Prepare procedural instructions [where not already provided in the Scheme of Delegation or procedure notes for budget holders] 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 directors/employees (including specimens of their signatures) authorised to certify invoices.

(ii) Certification that:

- Goods have been duly received, examined and are in accordance with specification and the prices are correct.

- Work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct.

- In the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 2019	Issue 34	Page 18 of 37
---------------------------------------	-----------	-----------------------------	---	----------	---------------

quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined.

- Where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained.
- The account is arithmetically correct.
- The account is in order for payment.

A timetable and system for submission to the Director of Finance & Information of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment.

Formatted: Indent: First line: 0.07 cm

(ivii) Instructions to employees regarding the handling and payment of accounts within the Finance Department.

Formatted: Font: (Default) Arial

- (e) Be responsible for ensuring that payment for goods and services is only made once the goods and services are received, (except as below).

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

- (a) Prepayments are only permitted where the financial advantages outweigh the disadvantages (ie, cashflows must be discounted to NPV) and the intention is not to circumvent cash limits.
- (b) The appropriate Director 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 Director of Finance & Information 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);

Formatted: Font: Arial

-

- ~~(d)~~ (d) The budget holder is responsible for ensuring that all items due under a prepayment contract are received and he/she must immediately inform the appropriate Director or Chief Executive if problems are encountered.

Formatted: Indent: Left: 1.5 cm, Hanging: 1.5 cm, Tab stops: 3 cm, Left

Formatted: Indent: Hanging: 1.41 cm, Numbered + Level: 1 + Numbering Style: a, b, c, ... + Start at: 3 + Alignment: Left + Aligned at: 1.75 cm + Tab after: 2.91 cm + Indent at: 2.91 cm

9.2.5 Official Orders must:

- (a) Be consecutively numbered.
- (b) Be in a form approved by the Director of Finance & Information;
- (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.

Formatted: Font: (Default) Arial

Formatted: Indent: Left: 2.91 cm, First line: 0 cm

9.2.6 Managers must ensure that they comply fully with the guidance and limits specified by the Director of Finance & Information and that:

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 2019	Issue 34	Page 19 of 37
---------------------------------------	-----------	-----------------------------	--	----------	---------------

- (a) All contracts [other than for a simple purchase permitted within the Scheme of Delegation or delegated budget], leases, tenancy agreements and other commitments which may result in a liability are notified to the Director of Finance & Information 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.
- (d) 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:
 - (i) Isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars.
 - (ii) Conventional hospitality, such as lunches in the course of working visits.
 - (iii) Where gifts or hospitality offered or received complies fully with the Gifts and Hospitality Policy, and with any applicable legislation that governs gifts and hospitality and other Trust procedures designed to ensure compliance with its legal obligations.
- (e) No requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Director of Finance & Information on behalf of the Chief Executive.
- (f) All goods, services, or works are ordered on an official order except works and services executed in accordance with a contract and purchases from petty cash.
- (g) 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";
- (h) Orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds.
- (i) Goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase.
- (j) Changes to the list of directors/employees authorised to certify invoices are notified to the Director of Finance & Information.
- (k) Purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance & Information.
- (l) Petty cash records are maintained in a form as determined by the Director of Finance & Information.

Formatted: Font: (Default) Arial

9.2.7 The Director of Finance & Information shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 2019	Issue 34	Page 20 of 37
---------------------------------------	-----------	-----------------------------	---	----------	---------------

transactions comply with the guidance contained within CONCODE and ESTATECODE. The technical audit of these contracts shall be the responsibility of the relevant Director.

9.2.8 Further guidance on contracts, tendering and tendering procedure is set out in Appendix A of these Standing Financial Instructions.

Formatted: Font: (Default) Arial

9.3 GRANTS TO LOCAL AUTHORITIES AND VOLUNTARY BODIES

9.3.1 Payments to local authorities and voluntary organisations made under the powers of section 75 of the NHS Act 2006 shall comply with procedures laid down by the Finance Director which shall be in accordance with the Act.

Formatted: Justified, Indent: Left: 0 cm, Hanging: 1.25 cm

~~Grants to local authorities and voluntary organisations made under the powers of section 28A of the NHS Act 1977 or section 64 of the Health Service and Public Health Act 1968 shall comply with procedures laid down by the Director of Finance & Information which shall be in accordance with these Acts.~~

Formatted: Justified, Indent: Left: 1.25 cm

Formatted: Font: (Default) Arial

9.3.2 The financial limits for officers' approval of grants are set out in the Scheme of Delegation.

Formatted: Indent: Left: 0 cm, Hanging: 1.16 cm

10 EXTERNAL BORROWING AND INVESTMENTS

10.1 EXTERNAL BORROWING

10.1.1 ~~w~~External borrowing must be within the limits set by its Authorisation and the Prudential Borrowing Code for NHS Foundation Trusts. The Finance Director of Finance & Information is also responsible for reporting periodically to the Board of Directors concerning the Public Dividend Capital debt and all loans, and overdrafts and working capital facilities.

Formatted: Justified, Indent: Hanging: 1.25 cm

Formatted: Justified

~~The Director of Finance & Information will advise the Board concerning the Trusts ability to pay dividend/interest on, and repay, both the originating capital debt and any proposed new borrowing, within the limits set by the Department of Health. The Director of Finance & Information is also responsible for reporting periodically to the Board concerning the originating debt and all loans and overdrafts.~~

Formatted: Font: (Default) Arial

10.1.2 Any application for a loan, ~~or~~ overdraft or working capital facility will only be made by the Director of Finance & Information or by an employee so delegated by him/her.

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

10.1.3 The Director of Finance & Information must prepare detailed procedural instructions concerning applications for loans, ~~and~~ overdrafts and working capital facilities.

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

10.1.4 All short-term borrowings should be kept to a minimum period of time possible, consistent with the overall cashflow position, represent good value for money, and comply with the latest guidance issued by Monitor.~~All short term borrowings should be kept to the minimum period of time possible, consistent with the overall cash flow position. Any short term borrowing requirement in excess of one month must be authorised by the Director of Finance & Information must be carried out in accordance with the Treasury Management Policy.~~

Formatted: Justified, Indent: Left: 0 cm, Hanging: 1.25 cm

Formatted: Justified, Indent: Left: 1.25 cm

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

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

10.2 INVESTMENTS

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 2019	Issue 34	Page 21 of 37
---------------------------------------	-----------	-----------------------------	---	---------------------	---------------

10.2.1 Temporary cash surpluses must be held only in such public or private sector investments as notified by Monitor/the Secretary of State and authorised by the Board within the Treasury Management Policy.

Formatted: Font: (Default) Arial

10.2.2 The Director of Finance & Information is responsible for advising ~~the Board~~ on investments and shall report periodically to the Finance Committee~~Board~~ concerning the performance of investments held.

Formatted: Font: (Default) Arial

10.2.3 The Director of Finance & Information will prepare a Treasury Management Policy as well as detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

Formatted: Font: (Default) Arial

10.2.4 The maximum sum invested and the maximum period of investment are as set out in the Treasury Management Policy approved by the ~~Trust~~ Board.

Formatted: Font: (Default) Arial

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

11.1 CAPITAL INVESTMENT

11.1.1 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 purchaser(s) support and the availability of resources to finance all revenue consequences, including capital charges.

11.1.2 For every capital expenditure proposal the Chief Executive shall ensure:

(a) ~~(a)~~ That a business case (in line with the guidance contained within the Compliance Framework and the Best Practice Guidance in Making investments for NHS Foundation Trusts and any other guidance published by Monitor) is produced setting out:

Formatted: Justified, Numbered + Level: 1 + Numbering Style: a, b, c, ... + Start at: 1 + Alignment: Left + Aligned at: 1.25 cm + Indent at: 1.89 cm

That a business case (in line with the guidance contained within the ~~Capital Investment Manual~~) is produced setting out:

Formatted: Bullets and Numbering

Formatted: English (U.K.)

Formatted: Justified, Indent: Left: 1.89 cm

Formatted: Font: (Default) Arial

(i) An option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs.

(ii) Appropriate project management and control arrangements.

(b) That the Director of Finance & Information has certified professionally to the costs and revenue consequences detailed in the business case.

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

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 2011	Issue 34	Page 22 of 37
---------------------------------------	-----------	-----------------------------	--	---------------------	---------------

The Director of Finance & Information shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.

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

- (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 ~~e~~Scheme of ~~D~~elegation for capital investment management in accordance with "Estatecode" guidance and the Trust's Standing Orders.

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

11.1.5 The Director of Finance & Information shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes.

11.1.6 The Director of Finance & Information shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with ~~Inland Revenue~~HM Revenue and Customs guidance.

Formatted: Font: Arial

Formatted: Font: Arial

11.2 PRIVATE FINANCE

11.2.1 When the Trust proposes to use finance which is to be provided other than through its ~~EF~~allocations, the following procedures shall apply:

- (a) The Director of Finance & Information shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.

~~(b) — Where the sum involved exceeds delegated limits, the business case must be referred to the appropriate Department of Health or in line with anyr current guidelines.~~

Formatted: Indent: Left: 1.36 cm, First line: 0 cm

~~(eb) — The proposal must be specifically agreed by the Board.~~

Formatted: Font: (Default) Arial

11.3 ASSET REGISTERS

11.3.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Director of Finance & Information 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.

11.3.2 The Trust shall maintain an asset register recording fixed assets with a minimum data set held.-

11.3.3 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.

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 2011 9	Issue 34	Page 23 of 37
---------------------------------------	-----------	-----------------------------	---	---------------------	---------------

- (c) Lease agreements in respect of assets held under a finance lease and capitalised.

11.3.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).

11.3.5 The Director of Finance & Information shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.

11.3.6 The value of each asset shall be indexed to current values in accordance with the Trust's approved accounting policies.

11.3.7 The value of each asset shall be depreciated using methods and rates set out in the Trust's approved accounting policies.

11.4 SECURITY OF ASSETS

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

11.4.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Director of Finance & Information. 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.

11.4.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Director of Finance & Information.

11.4.4 Whilst each employee has a responsibility for the security of property of the Trust, it is the responsibility of directors and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the Board. Any breach of agreed security practices must be reported in accordance with instructions.

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

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

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March/April 2019	Issue 34	Page 24 of 37
---------------------------------------	-----------	-----------------------------	--	---------------------	---------------

12 STORES AND RECEIPT OF GOODS

- 12.1 Stores, defined in terms of controlled stores and departmental stores (for immediate use) should be:
- (a) Kept to a minimum.
 - (b) Subjected to annual stocktake.
 - (c) Valued at the lower of cost and net realisable value.
- 12.2 Subject to the responsibility of the Director of Finance & Information 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 Director of Finance & Information. The control of Pharmaceutical stocks shall be the responsibility of a designated Pharmaceutical Officer; the control of fuel oil ~~and coal~~ of a designated estates manager.
- 12.3 The responsibility for security arrangements and the custody of keys for all stores and locations shall be clearly defined in writing by the designated manager/Pharmaceutical Officer. Wherever practicable, stocks should be marked as health service property.
- 12.4 The Director of Finance & Information shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.
- 12.5 Stocktaking arrangements shall be agreed with the Director of Finance & Information and there shall be a physical check covering all items in store at least once a year.
- 12.6 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Director of Finance & Information.
- 12.7 The designated Manager/Pharmaceutical Officer shall be responsible for a system approved by the Director of Finance & Information 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 Director of Finance & Information any evidence of significant overstocking and of any negligence or malpractice (see also 13, Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.
- 12.8 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 Director of Finance & Information who shall satisfy himself that the goods have been received before accepting the recharge.

13 DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

13.1 DISPOSALS AND CONDEMNATIONS

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 2019	Issue 34	Page 25 of 37
---------------------------------------	-----------	-----------------------------	---	---------------------	---------------

13.1.1 The Director of Finance & Information must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers.

13.1.2 When it is decided to dispose of a Trust asset, the head of department or authorised deputy will determine and advise the Director of Finance & Information of the estimated market value of the item, taking account of professional advice where appropriate.

13.1.3 All unserviceable articles shall be:

- (a) Condemned or otherwise disposed of by an employee authorised for that purpose by the Director of Finance & Information.
- (b) Recorded by the Condemning Officer in a form approved by the Director of Finance & Information 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 Director of Finance & Information.

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

13.2 LOSSES AND SPECIAL PAYMENTS

13.2.1 The Director of Finance & Information must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments. The Director of Finance & Information must also prepare a ~~“Fraud Management Policy and Response Plan”~~ that sets out the action to be taken both by persons detecting a suspected fraud and those persons responsible for investigating it.

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

13.2.2 Any employee discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately inform the Director of Finance & Information or consult the Chief Executive, who is authorised to receive inquiries of staff confidentiality and anonymously. The Chief Executive will decide if the matter needs to be reported to the Director of Finance & Information. Where a criminal offence is suspected, the Director of Finance & Information must immediately inform the police if theft or arson is involved. In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the Director of Finance & Information must inform the relevant LCFS and CFSMS regional team in accordance with Secretary of State for Health’s Directions. The Trust’s Fraud ~~Management and Corruption~~ Policy and Response Plan specify the procedures in more detail.

Formatted: Font: Arial

Formatted: Font: (Default) Arial

13.2.3 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Director of Finance & Information must immediately notify the Board, and the External Auditor.

13.2.4 The Director of Finance & Information shall be authorised to take any necessary steps to safeguard the Trust’s interests in bankruptcies and company liquidations.

13.2.5 For any loss, the Director of Finance & Information should consider whether any insurance claim can be made.

13.2.6 The Director of Finance & Information shall maintain a Losses and Special Payments Register in which write-off action is recorded. This shall be reported to the Audit

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 2019	Issue 34	Page 26 of 37
---------------------------------------	-----------	-----------------------------	---	---------------------	---------------

Committee twice in each financial year.

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

~~13.2.8 Within limits delegated to it by the Department of Health, the Audit Committee, on behalf of the Board, shall approve the writing off of losses.~~

Formatted: Bullets and Numbering

14 INFORMATION TECHNOLOGY

14.1 The Director of Finance & Information, who is responsible for the accuracy and security of the computerised financial data of the Trust, shall:

- (a) Devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Trust's data, programs and computer hardware for which he/she is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998.
- (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 he/she may consider necessary are being carried out.

14.2 The Director of Finance & Information shall satisfy him/herself that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy will be obtained from them prior to implementation.

14.3 The Director of Finance & Information 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

14.4 In the case of computer systems which are proposed General Applications (i.e. normally those applications which the majority of Trusts in the Region wish to sponsor jointly) all responsible directors and employees will send to the Director of Finance & Information:

- (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.

14.5 The Director of Finance & Information shall ensure that contracts for computer services

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 2019	Issue 34	Page 27 of 37
---------------------------------------	-----------	-----------------------------	---	---------------------	---------------

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

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

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

Formatted: Font: Arial

14.8 Where computer systems have an impact on corporate financial systems the Director of Finance & Information shall satisfy him/herself that:

- (a) Systems acquisition, development and maintenance are in line with corporate policies such as an IM&T 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) Director of Finance & Information staff have access to such data.
- (d) Such computer audit reviews as are considered necessary are being carried out.

Formatted: Font: (Default) Arial

15 PATIENTS' PROPERTY

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

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

- Notices and information booklets.
- Hospital admission documentation and property records.
- The oral advice of administrative and nursing staff responsible for admissions.

The Trust will not accept responsibility or liability for patients' property brought into Health Service premises, unless it is handed in for safe custody and a copy of an official patients' property record is obtained as a receipt.

15.3 The Director of Finance & Information must provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients' property (including instructions on the disposal of the property of deceased patients and of patients transferred to other premises) for all staff whose duty is to administer, in any way, the property of patients. Due care should be exercised in the management of a patient's money in order to maximise the benefits to the patient.

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 2019	Issue 34	Page 28 of 37
---------------------------------------	-----------	-----------------------------	--	----------	---------------

- 15.4 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 Director of Finance & Information.
- 15.5 In all cases where property of a deceased patient is of a total value in excess of £5,000 (or such other amount as may be prescribed by any amendment to the Administration of Estates ~~(Small Payments)~~ Act 1965), the production of Probate or Letters of Administration shall be required before any of the property is released. Where the total value of property is £5,000 or less, forms of indemnity shall be obtained.
- 15.6 Staff should be informed, on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.
- 15.7 Where patients' property or income is received for specific purposes and held for safekeeping the property or income shall be used only for that purpose, unless any variation is approved by the donor or patient in writing.

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

16 **FUNDS HELD ON TRUST**

16.1 **INTRODUCTION**

- 16.1.1 Standing Orders (SOs) identify the Trust's responsibilities as a corporate trustee for the management of funds it holds on trust and define how those responsibilities are to be discharged. They explain that although the management processes may overlap with those of the organisation of the Trust, the trustee responsibilities must be discharged separately and full recognition given to the dual accountabilities to the Charity Commission for charitable funds held on trust and to the Secretary of State for all funds held on trust.
- 16.1.2 The reserved powers of the Board and the Scheme of Delegation make clear where decisions regarding the exercise of discretion are to be taken and by whom. Directors and officers must take account of that guidance before taking action. SFIs are intended to provide guidance to persons who have been delegated to act on behalf of the corporate trustee.
- 16.1.3 As management processes overlap most of the sections of these SFIs will apply to the management of funds held on trust. This section covers those instructions which are specific to the management of funds held on trust.
- 16.1.4 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.
- 16.1.5 The authorised limits for requisitions for the supply of goods are set out in the detailed Scheme of Delegation.

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

17 **RETENTION OF DOCUMENTS**

- 17.1 [The Chief Executive shall be responsible for maintaining archives for all documents required to be retained under the direction contained in Parts 1 and 2 of "Records Management: NHS Code of Practice \(April 2006\) \(the "Records Management Code"\) as updated.](#)
~~The Chief Executive shall be responsible for maintaining archives for all records~~

Formatted: Justified, Indent: Hanging: 1.25 cm

Formatted: Justified

Formatted: Font: (Default) Arial

Formatted: Indent: Left: 1.25 cm, First line: 0 cm, Don't adjust space between Latin and Asian text, Don't adjust space between Asian text and numbers

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 2019	Issue 34	Page 29 of 37
---------------------------------------	-----------	-----------------------------	--	----------	---------------

~~required to be retained in accordance with Department of Health guidelines.~~

- 17.2 The records held in archives shall be capable of retrieval by authorised persons.
- 17.3 Records held in accordance with ~~the latest Department of Health guidelines~~ Records Management Code shall only be destroyed at the express instigation of the Chief Executive, records shall be maintained of documents so destroyed.

18 RISK MANAGEMENT & INSURANCE

- 18.1 ~~The Chief Executive shall ensure that the Trust has a programme of risk management in accordance with current directions and guidance in relation to assurance frameworks as issued by Monitor which will be approved and monitored by the Board of Directors.~~
~~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 will be approved and monitored by the Board.~~

Formatted: Indent: Hanging: 1.25 cm

Formatted: Font: (Default) Arial

- 18.2 The programme of risk management shall include:

Formatted: Body Text Indent, Justified, Indent: Left: 1.27 cm

- 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) Arrangements to review the risk management programme.

The existence, integration and evaluation of the above elements will provide a basis to make a statement on the effectiveness ~~of on~~ Internal Control (Annual Governance Statement(SIC)) within the Annual Report and Accounts as required by ~~current Department of Health guidance-Monitor~~ current

Formatted: Font: Arial

Formatted: Font: Arial

Formatted: Font: Arial

- 18.3 The Director of Finance & Information shall ensure that insurance arrangements exist in accordance with the risk management programme.

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 2019	Issue 34	Page 30 of 37
---------------------------------------	-----------	-----------------------------	--	---------------------	---------------

APPENDIX A

Additional Contract and Tendering Instructions

- 1.1 **EU Directives Governing Public Procurement** - Directives by the Council of the European Union promulgated by the Department of Health (DoH) prescribing procedures for awarding all forms of contracts shall have effect as if incorporated in these Standing Orders.
- 1.2 The Trust shall comply as far as is practicable with the requirements of the NHS Executive "Capital Investment Manual". In the case of management consultancy contracts the Trust shall comply as far as is practicable with NHS Executive guidance "The Procurement and Management of Consultants within the NHS".
- 1.3 **Formal Competitive Tendering** - The Trust shall ensure that competitive tenders are invited for the supply of goods, materials and manufactured articles and for the rendering of services including all forms of management consultancy services (other than specialised services sought from or provided by the DoH); for the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens); and for disposals. The thresholds and number of tenders required are set out in Section 5 of the Reservation and Delegation of Powers document.
- 1.4 Formal tendering procedures may be waived by officers to whom powers have been delegated by the Chief Executive without reference to the Chief Executive (except in (c) to (f) below) where:
 - (a) The estimated expenditure or income does not, or is not reasonable expected to, exceed £49,999. (this figure to be reviewed annually); or
 - (b) where the supply is proposed under special arrangements negotiated by the DoH in which event the said special arrangements must be complied with; or
 - (c) the timescale genuinely precludes competitive tendering. Failure to plan the work properly is not a justification for single tender; or
 - (d) specialist expertise is required and is available from only one source; or
 - (e) 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; or
 - (f) there is a clear benefit to be gained from maintaining continuity with an earlier project. However in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering; or
 - (g) where provided for in the Capital Investment Manual.

The limited application of the single tender rules 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 by virtue of (c) to (f) above, the fact of the waiver and the reasons should be documented and reported to the Finance Committee.

Formatted: Font: (Default) Arial
Formatted: Font: Bold
Formatted: Font: (Default) Arial, Bold
Formatted: Right
Formatted: Font: Bold

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 2011	Issue 34	Page 31 of 37
---------------------------------------	-----------	-----------------------------	--	----------	---------------

- 1.5 Except where SO 10.5, or a requirement under SO 10.2, applies, the Board shall ensure that invitations to tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and in no case less than three firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required. In such circumstances approval should be sought from the Director of Finance & Information or Chief Operating Officer and reported to the next meeting of the Finance Committee.
- 1.6 The Board shall ensure that normally the firms/individuals invited to tender (and where appropriate, quote) are among those on approved lists (see Appendix 1 Section 5). Where in the opinion of the Director of Finance & Information it is desirable to seek tenders from firms not on the approved lists, the reason shall be recorded in writing to the Chief Executive (see Appendix 1).
- 1.7 Tendering procedures are set out at the end of this Appendix.
- 1.8 **Quotations** - are required where formal tendering procedures are waived under SO 10.5 (a) or (c) and where the intended expenditure or income exceeds, or is reasonably expected to exceed £5,000.
- 1.9 Where quotations are required under SO 10.9 they should be obtained in accordance with Section 5 of the Reservation and Delegation of Powers document.
- 1.10 Quotations should be in writing unless the Chief Executive or his nominated officer determine that it is impractical to do so in which case quotations may be obtained by telephone. Confirmation of telephone quotation should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record.
- 1.11 All quotations should be treated as confidential and should be retained for inspection.
- 1.12 The Chief Executive or his nominated officer should evaluate the quotations and select the one which gives the best value for money. If this is not the lowest then this fact and the reasons why the lowest quotation was not chosen should be in a permanent record.
- 1.13 Non-competitive quotations in writing may be obtained for the following purposes:
- a) the supply of goods/services of a special character for which it is not, in the opinion of the Chief Executive or his nominated officer, possible or desirable to obtain competitive quotations;
 - b) the goods/services are required urgently.
- 1.14 **Where tendering or competitive quotation is not required**
- The Trust shall use the NHS Supplies Authority for procurement of all goods and services unless the Chief Executive or nominated officers deem it inappropriate. The decision to use alternative sources must be documented.
- 1.15 The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided under contract or in-house. The Board may also determine from time to time that in-house services should be market tested by competitive tendering (SO 12).
- 1.16 **Contracts** - The Trust may only enter into contracts within its statutory powers and shall comply with:

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March/April 2011 9	Issue 34	Page 32 of 37
---------------------------------------	-----------	-----------------------------	---	---------------------	---------------

- (a) these Standing Orders;
- (b) the Trust's SFIs;
- (c) EU Directives and other statutory provisions;
- (d) any relevant directions including the Capital Investment Manual and guidance on the Procurement and Management of Consultants;
- (e) such of the NHS Standard Contract Conditions as are applicable.

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.

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

1.18 **Healthcare Services Contracts** - Service agreements for the supply of healthcare services shall be drawn up in accordance with the NHS Act 2006 and administered by the Trust. Service agreements between NHS bodies are not legal documents

Formatted: Outline numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 18 + Alignment: Left + Aligned at: 0 cm + Tab after: 1.27 cm + Indent at: 1.27 cm

1.19 The Chief Executive shall nominate officers with power to negotiate for the provision of healthcare services with purchasers of healthcare

1.20 **Cancellation of Contracts** - Except where specific provision is made in model Forms of Contracts or standard Schedules of Conditions approved for use within the National Health Service and in accordance with Standing Orders 10.2 and 10.3, there shall be inserted in every written contract a clause empowering the Trust to cancel the contract and to recover from the contractor the amount of any loss resulting from such cancellation, if the contractor shall have offered, or given or agreed to give, any person any gift or consideration of any kind as an inducement or reward for doing or forbearing to do or for having done or forborne to do any action in relation to the obtaining or execution of the contract or any other contract with the Trust, or for showing or forbearing to show favour or disfavour to any person in relation to the contracts or any other contract with the Trust, or if the like acts shall have been done by any person employed by him or acting on his behalf (whether with or without the knowledge of the contractor), or if in relation to any contract with the Trust the contractor or any person employed by him/her or acting on his/her behalf shall have committed any offence under the Prevention of Corruption Acts 1889 and 1916 and other appropriate legislation.

Formatted: Outline numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 20 + Alignment: Left + Aligned at: 0 cm + Tab after: 1.27 cm + Indent at: 1.27 cm

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

1.22 **Contracts Involving Funds Held on Trust** - shall do so individually to a specific named fund. Such contracts involving charitable funds shall comply with the requirements of the

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March/April 2019	Issue 34	Page 33 of 37
---------------------------------------	-----------	-----------------------------	---------------------------------	----------	---------------

Charities Acts.

Tendering Procedure

1. Invitation to Tender

1.1 All invitations to tender on a formal competitive basis shall state that no tender will be considered for acceptance unless submitted in either:

(a) a plain, sealed package bearing a pre-printed label supplied by the Trust (or bearing the word 'Tender' followed by the subject to which it relates and the latest date and time for the receipt of such tender); or

(b) in a special envelope supplied by the Trust to prospective tenderers and the tender envelopes/packages shall not bear any names or marks indicating the sender.

1.2 Every tender for goods, materials, manufactured articles supplied as part of a works contract and services shall embody such of the main contract conditions as may be appropriate in accordance with the contract forms described in Section 1.3 and 1.4 below.

1.3 Every tender for building and engineering works, except for maintenance work only where Estmancode guidance should be followed, shall embody or be in the terms of the current edition of the appropriate Joint Contracts Tribunal (JCT) or Department of the Environment (GC/Wks) standard forms of contract amended to comply with Concode. When the content of the works is primarily engineering, tenders shall embody or be in the terms of the General Conditions of Contract recommended by the Institutions of Mechanical Engineers and the Association of Consulting Engineers (Form A) or, in the case of civil engineering work, the General Conditions of Contract recommended by the Institution of Civil Engineers. The standard documents should be amended to comply with Concode and, in minor respects, to cover special features of individual projects. Tendering based on other forms of contract may be used only after prior consultation with the DoH.

1.4 Every tender for goods, materials, services (including consultancy services) or disposals shall embody such of the NHS Standard Contract Conditions as are applicable. Every tenderer must have given or give a written undertaking not to engage in collusive tendering or other restrictive practice.

2. Receipt, Safe Custody and Record of Formal Tenders

2.1 Formal competitive tenders shall be addressed to the Chief Executive.

2.2 The date and time of receipt of each tender shall be endorsed on the unopened tender envelope/package.

2.3 The Chief Executive shall designate an officer or officers, not from the originating department, to receive tenders on his behalf and to be responsible for their endorsement and safe custody until the time appointed for their opening, and for the records maintained in accordance with Section 3.

3. Opening Formal Tenders

3.1 As soon as practicable after the date and time stated as being the latest time for the receipt of tenders they shall be opened in the presence of two senior officers designated by the Chief Executive and not from the originating department.

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 2011 9	Issue 34	Page 34 of 37
---------------------------------------	-----------	-----------------------------	---	---------------------	---------------

3.2 Every tender received shall be stamped with the date of opening and initialled by two of those present at the opening.

3.3 A permanent record shall be maintained to show for each set of competitive tender invitations despatched:

- (a) names of firms/individuals invited;
- (b) names and number of firms/individuals from which tenders have been received;
- (c) the total price(s) tendered;
- (d) closing date and time;
- (e) date and time of opening;

and the record shall be signed by the persons present at the opening.

3.4 Except as in Section 3.5 below, a record shall be maintained of all price alterations on tenders, ie where a price has apparently been altered, and the final price shown shall be recorded. Every price alteration appearing on a tender and the record should be initialled by two of those present at the opening.

3.5 A report shall be made in the record if, on any one tender, price alterations are so numerous as to render the procedure Section 3.4 unreasonable.

4. Admissibility and Acceptance of Formal Tenders

4.1 In considering which tender to accept, if any, the designated officers shall have regard to whether value for money will be obtained by the Trust and whether the number of tenders received provides adequate competition. In cases of doubt they shall consult the Chief Executive.

4.2 Tenders received after the due time and date may be considered only if the Chief Executive or nominated officer decides that there are exceptional circumstances, eg significant financial, technical or delivery advantages, and is satisfied that there is no reason to doubt the bona fides of the tenders concerned. The Chief Executive or nominated officer shall decide whether such tenders are admissible and whether re-tendering is desirable. Re-tendering may be limited to those tenders reasonably in the field of consideration in the original competition. If the tender is accepted the late arrival of the tender should be reported to the Board at its next meeting.

4.3 Technically late tenders (ie those despatched in good time but delayed through no fault of the tenderer) may at the discretion of the Chief Executive be regarded as having arrived in due time.

4.4 Incomplete tenders (ie those from which information necessary for the adjudication of the tender is missing) and amended tenders (ie those amended by the tenderer upon his own initiative either orally or in writing after the due time for receipt) should be dealt with in the same way as late tenders under Section 4.2.

4.5 Where examination of tenders reveals errors which would affect the tender figure, the tenderer is to be given details of such errors and afforded the opportunity of confirming or withdrawing his offer. Necessary discussions with a tenderer of the contents of his tender, in order to elucidate technical points etc, before the award of a contract, need not disqualify the tender.

4.6 While decisions as to the admissibility of late, incomplete, or amended tenders are under consideration and while re-tenders are underway, tender documents shall remain confidential and kept in safekeeping by an officer designated by the Chief Executive.

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 2019	Issue 34	Page 35 of 37
---------------------------------------	-----------	-----------------------------	---	----------	---------------

4.7 Where only one tender/quotation is received the Trust shall, as far as practicable, ensure that the price to be paid is fair and reasonable.

4.8 The lowest price tender will normally be accepted unless the adjudicating manager has agreed clear adjudication criteria with the Director of Finance and Information prior to tenders being invited. These will include due attention to cost and value for money. Any decision not to select the tender which performs best against these criteria will be reported to the Finance Committee.

4.9 Where the form of contract includes a fluctuation clause all applications for price variations must be submitted in writing by the tenderer and shall be approved by the Chief Executive or nominated officer.

4.10 All Tenders should be treated as confidential and should be retained for inspection.

5. Lists of Approved Firms

5.1 The Trust shall compile and maintain, and the Director of Clinical and Non Clinical Support Services and Estates Manager, shall keep lists of approved firms and individuals from whom tenders may be invited, as provided for in SO 9.7, and shall keep these under review. The lists shall be selected from all firms which have applied for permission to tender provided that:

(a) in the case of building, engineering and maintenance works, the Chief Executive is satisfied on their capacity, conditions of labour, etc, and that the Director of Finance & Information is satisfied that their financial standing is adequate.

(b) in the case of the supply of goods, materials and related services, and consultancy services the Chief Executive or the nominated officer is satisfied as to their technical competence etc, and that the Director of Finance & Information is satisfied that their financial standing is adequate.

(c) in the case of the provision of healthcare services to the Trust by a private sector provider, the Director of Finance & Information is satisfied as to their financial standing and the Medical Director is satisfied as to their technical/medical competence.

5.2 The Trust shall arrange for advertisements to be issued as may be necessary, and not less frequently than every third year, in trade journals and national newspapers inviting applications from firms for inclusion in the prescribed lists.

5.3 If in the opinion of the Chief Executive or the Director of Finance & Information it is impractical to use a list of approved firms/individuals (for example where specialist services or skills are required and there are insufficient suitable potential contractors on the list), the Chief Executive should ensure that appropriate checks are carried out as to the technical and financial capability of firms invited to tender or quote.

5.4 A permanent record should be made of the reasons for inviting a tender or quote other than from an approved list.

Compiled by: David Slegg, Director of Finance & Information
Approved by: Audit Committee and Trust Board

Date: April 2000

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 201 0 9	Issue 34	Page 36 of 37
---------------------------------------	-----------	-----------------------------	--	---------------------	---------------

Formatted: Font: (Default) Arial

Review Date: April 201~~10~~

Formatted: Font: (Default) Arial

Comments to: Director of Finance & Information

sfi201~~10~~doc

Formatted: Font: (Default) Arial

Volume 1 Organisation & Finance	Section 2	First Ratified July 2002	Reviewed March April 201 10	Issue 34	Page 37 of 37
---------------------------------------	-----------	-----------------------------	--	---------------------	---------------

**RESERVATION OF POWERS TO THE BOARD
and
SCHEMES OF DELEGATION**

derived from

STANDING ORDERS

201~~0~~¹⁰

(Board approved ~~29 April 2010~~)

Draft version 2 (25/03/11)

CONTENTS

- 1 Introduction**
- 2 Scheme of Decisions Reserved to the Board**
- 3 Scheme of Delegation from the Board**
- 4 Scheme of Delegation to CHIEF EXECUTIVE**
- 5 Chief Executive's detailed Scheme of Delegation**
(The Chief Executive's Scheme of delegation is the responsibility of the Chief Executive. It is the prerogative of the Chief Executive but is included in the overall suite of Documentation for both completeness and to support the Board in its assurance processes.)

RESERVATION OF POWERS TO THE BOARD AND DELEGATION OF POWERS

1. INTRODUCTION

- 1.1 SO ~~5.4.2~~ of the Standing Orders provides that "subject to such directions as may be given by the Secretary of State, the Trust may make arrangements for the exercise, on behalf of the Trust, of any of its functions by a committee or sub-committee appointed by virtue of SO4, or by the Chairman or by a Director or by an officer of the Trust, in each case subject to such restrictions and conditions as the Board Trust thinks fit". The Code of Accountability also requires that there should be a formal schedule of matters specifically reserved to the Trust.

The purpose of this document is to provide an example of how those powers may be reserved to the Board - generally matters for which it is held accountable to the Secretary of State, while at the same time delegating to the appropriate level the detailed application of Trust policies and procedures. However, the Board remains accountable for all of its functions, even those delegated to the Chairman, individual Directors or officers and would therefore expect to receive information about the exercise of delegated functions to enable it to maintain a monitoring role.

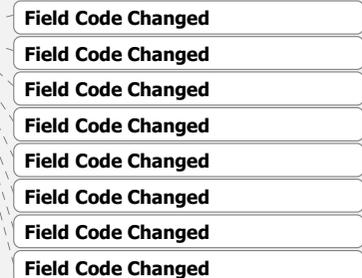
1.2 **Role of the Chief Executive**

All powers of the Trust which have not been retained as reserved by the Board or delegated to an ~~executive~~ committee or sub-committee shall be exercised on behalf of the Board by the Chief Executive. The Chief Executive shall prepare a Scheme of Delegation identifying which functions he shall perform personally and which functions have been delegated to other directors and officers.

All powers delegated by the Chief Executive can be re-assumed by him/her should the need arise. As ~~Accountable Accounting~~ Officer the Chief Executive is ~~accountable to the Accounting Officer of the NHS Executive for the funds entrusted to the Trust~~ responsible to Parliament for the resources entrusted.

1.3 **Caution over the Use of Delegated Powers**

Powers are delegated to Directors and officers on the understanding that they would not exercise delegated powers in a matter which in their judgement was likely to be a cause for public concern.



1.4 Directors' Ability to Delegate their own Delegated Powers

The Scheme of Delegation shows only the "top level" of delegation within the Trust. The Scheme is to be used in conjunction with the system of budgetary control and other established procedures within the Trust.

1.5 Absence of Directors or Officer to Whom Powers have been Delegated

In the absence of a Director or officer to whom powers have been delegated those powers shall be exercised by that Director's Designated Deputy. If the Chief Executive is absent powers delegated to him/her may be exercised by another Executive Director nominated by him/her.

2. RESERVATION OF POWERS TO THE BOARD

2.1 ~~The Code of Accountability which has been adopted by the Trust~~ [Standing Orders](#) requires the Board to determine those matters on which decisions are reserved unto itself. These reserved matters are set out in Section 2 below: the Scheme of Decisions reserved to the Board:

2.2 General Enabling Provision

The Board may determine any matter it wishes in full session within its statutory powers.

Field Code Changed

SECTION 2: SCHEME OF DECISIONS RESERVED TO THE BOARD

THE BOARD	DECISIONS RESERVED TO THE BOARD
THE BOARD	<p>General Enabling Provision</p> <p>The Board may determine any matter, for which it has delegated or statutory authority, it wishes in full session within its statutory powers.</p>
THE BOARD	<p>Regulations and Control</p> <ol style="list-style-type: none"> 1. Approve Standing Orders (SOs), a schedule of Matters Reserved to the Board and Standing Financial Instructions for the regulation of its proceedings and business. 2. Suspend Standing Orders (SO 3.154-33) 3. Vary or amend the Standing Orders. (SO 3.16-4.38) 4. Ratify any urgent decisions taken by the Chairman and Chief Executive in public session in accordance with SO 4.35-2 5. Approve a scheme of delegation of powers from the Board to committees. 6. Require and receive the declaration of Board members' interests that may conflict with those of the Trust and determining the extent to which that member may remain involved with the matter under consideration. (SO 7) 7. Require and receive the declaration of officers' interests that may conflict with those of the Trust. 8. Adopt the top level organisation structures, processes and procedures to facilitate the discharge of business by the Trust and to agree modifications thereto. 9. Receive reports from committees including those that the Trust is required by the Secretary of State or other regulation to establish and to take appropriate action on. 10. Confirm the recommendations of the Trust's committees where the committees do not have executive powers. 11. Approve arrangements relating to the discharge of the Trust's responsibilities as a corporate trustee for funds held on trust. 12. Establish terms of reference and reporting arrangements of all committees and sub-committees that are established by the Board. 13. Approve arrangements relating to the discharge of the Trust's responsibilities as a bailer for patients' property.

THE BOARD	DECISIONS RESERVED TO THE BOARD
	<p>14. Authorise use of the seal.</p> <p>15. Ratify or otherwise instances of failure to comply with Standing Orders brought to the Chief Executive's attention in accordance with SO 4.55-8.</p>
THE BOARD	<p>Appointments/ Dismissal</p> <p>1. Appoint the Vice Chairman of the Board.</p> <p>2.1. Appoint and dismiss committees (and individual members) that are directly accountable to the Board.</p> <p>3.2. Confirm appointment of members of any committee of the TrustBoard members as representatives on outside bodies if they are acting in the capacity of Trust representative.</p> <p>4.3. Agree arrangements for succession planning for the Board</p> <p>5.4. Appointment , appraisal, disciplining and dismissal of EDs</p>
THE BOARD	<p>Strategy, Business Plans and Budgets</p> <ol style="list-style-type: none"> 1. Define the strategic aims and objectives of the Trust. 2. Approve the Integrated Business Plan and Trust's Annual Business Plan 3. Approve proposals for ensuring quality and developing clinical governance in services provided by the Trust, having regard to any guidance issued by the Secretary of State. 4. Approve Business Cases for Revenue and Capital Investment over £1,000,000. 5. Approve annually application of available revenue resources including the capital plan. 6. Ratify proposals for acquisition, disposal or change of use of land and/or buildings 7. Approve PFI proposals. 8. Approve major Trust-wide Strategies e.g. workforce, IT and Estates 9. Approve the opening and closing of bank accounts. 10. Receipt and approval of a schedule of NHS contracts signed in accordance with arrangements approved by the CE 11. Approve proposals on individual contracts (other than NHS contracts) amounting to, or likely to amount to a maximum lifetime financial commitment of more than £1,000,000. This excludes any purchase of land and/or buildings, approval of which is reserved to the Board 12. The introduction or discontinuation of any significant activity or operation. An activity or operation shall be regarded as significant if it has a gross annual income or expenditure (that is before any set off) in

Formatted: Bullets and Numbering

THE BOARD	DECISIONS RESERVED TO THE BOARD
	<p>excess of £1,000,000.</p> <p>13. Approval of individual contracts (other than NHS contracts) of a capital or revenue nature amounting to, or likely to amount to, over £1m over a 3 year period or the period of the contract if longer.</p> <p>14. Entering into joint ventures including with other NHS organisations greater than £1 million.</p> <p>15. Approve individual compensation payments over £100,000 except where these are made in accordance with NHSLA instructions.</p> <p>16. Approve proposals for action on litigation against or on behalf of the Trust except where these are made in accordance with NHSLA instructions.</p> <p>17. Application of Charitable funds above a commitment of £100,000</p>
THE BOARD	<p>Policy Determination</p> <p>1. The Board will be the authorising Body for the <u>following Policies</u>,</p> <ul style="list-style-type: none"> ▪ Policy for the Development and Management of Procedural Documents i.e. Policies and Procedures <p>2. Approve arrangements for dealing with complaints.</p> <ul style="list-style-type: none"> ▪ <u>The Treasury Management Policy and the Investment Policy</u> ▪ <u>Approve the P-policies</u> for the arrangements on, dismissal and remuneration (when an FT) of for officers of the Trust ▪ <u>Approve the Trust's P-policies</u> for the management of risk including the Health and Safety Policy and the Risk Management Strategy for the Trust. <p>2. <u>Approve arrangements for dealing with complaints.</u></p>
	<p>Audit</p> <p>1. Approve the appointment (and where necessary dismissal) of internal auditors and advise the <u>Audit Council of Governors Commission</u> on the appointment (and where necessary change/removal) of external auditors.</p> <p>2. <u>Approve the including</u> arrangements for the separate audit of funds held on trust.</p> <p>1.3. and to r receive reports of the Audit Committee meetings and take appropriate action.</p>

Formatted: Font: 10 pt

Formatted: Bullets and Numbering

Formatted: Bullets and Numbering

THE BOARD	DECISIONS RESERVED TO THE BOARD
	<p data-bbox="465 331 1655 387"><u>2.4.</u> Receive of the annual management letter received from the external auditor and agreement of proposed action, taking account of the advice, where appropriate, of the Audit Committee.</p> <p data-bbox="465 403 1655 459"><u>3-5.</u> Receive an annual report from the Internal Auditor and agree action on recommendations where appropriate of the Audit Committee.</p>
THE BOARD	<p data-bbox="427 483 797 507"><i>Annual Reports and Accounts</i></p> <ol data-bbox="427 531 1375 595" style="list-style-type: none"> 1. Receipt and approval of the Trust's Annual Report and Annual Accounts. 2. Receipt and approval of the Annual Report and Accounts for funds held on trust.
THE BOARD	<p data-bbox="427 627 562 651"><i>Monitoring</i></p> <ol data-bbox="427 683 1655 906" style="list-style-type: none"> 1. Receive such reports as the Board sees fit from committees in respect of their exercise of powers delegated. 2. Continuous appraisal of the affairs of the Trust by means of the provision to the Board as the Board may require from directors, committees, and officers of the Trust as set out in management policy statements. 3. Receive reports from Director of Finance on financial performance against budget and business plan. 4. Receive Trust wide Annual Reports including those relating to Complaints, Clinical Governance and Infection Control

Formatted: Bullets and Numbering

SECTION 3: SCHEME OF DELEGATION

SO REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
2-13.12	CHAIRMAN	Final authority in interpretation of Standing Orders (SOs).
3-9	Board	Appointment of Vice Chairman
3-43.2	CHAIRMAN	Call meetings.
4-53.11	CHAIRMAN	Chair all Board meetings and associated responsibilities.
4-213.12	CHAIRMAN	Give final ruling in questions of order, relevancy and regularity of meetings.
4-223.14	CHAIRMAN	Having a second or casting vote
4-323.15	BOARD	Suspension of Standing Orders
4-363.15	AUDIT COMMITTEE	Audit Committee to review every decision to suspend Standing Orders (power to suspend Standing Orders is reserved to the Board)
4-373.16	BOARD	Variation or amendment of Standing Orders
5-24.3	CHAIRMAN & CHIEF EXECUTIVE	The powers which the Board has retained to itself within these Standing Orders (Standing Order 2.1-3.5) may in emergency be exercised by the Chair and Chief Executive after having consulted at least two Non-Executive members
5.13	BOARD	Formal delegation of powers to sub committees or joint committees and approval of their constitution and terms of reference. (Constitution and terms of reference of sub committees may be approved by the Chief Executive.)
5-54.4	CE	The Chief Executive shall prepare a Scheme of Delegation identifying his/her proposals that shall be considered and <u>approved by the Board</u> , subject to any amendment agreed during the discussion.
5-84.5	ALL	Disclosure of non-compliance with Standing Orders to the Chief Executive as soon as possible.

SO REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
7.1	THE BOARD	Declare relevant and material interests
7.28	CE	Maintain Register(s) of Interests.
9.17.4	ALL STAFF	Comply with the Trust's Standards of Business Conduct national guidance contained in HSG 1993/5 "Standards of Business Conduct for NHS Staff" (refer Appendix 2 of SOs)
9.87.4	ALL	Disclose relationship between self and candidate for staff appointment. (CE to report the disclosure to the Board.)
10	CE	Tendering and contract procedure
10.5	CE AND NOMINATED OFFICERS*	Waive formal tendering procedures (subject to points a) to g) in SO 10.5).
10.5	CE	Report waivers of tendering procedures to the Finance committee.
10.13	CE OR NOMINATED OFFICERS*	Evaluate the quotations and select the one which gives the best value for money
10.16	CE	Ensure best value for money is demonstrated for all services provided under contract or in-house.
10.179.2	CE	Demonstrate that the use of private finance represents best value for money and transfers risk to the private sector.
10.19	CE*	Nominate an officer to oversee and manage a contract on behalf of the Trust.
10.209.3	CE*	Nominate officers to enter into contracts of employment, re-grading staff, agency staff or consultancy service contracts.
10.229.3	CE*	Nominate officers with power to negotiate commissioning contracts/service agreements with providers of healthcare and other authorities.
12.411.4	CE*	Nominate an officer to oversee and manage a contract (for in-house services) on behalf of the Trust
138.2	BOARD	Authorise use of the Seal

SO REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
138.1	CE	Keep seal in safe place and maintain a register of sealing.
13.38.2	CE AND DOF OR NOMINATED OFFICERS*	Approve and sign all building, engineering, property or capital documents.
13.48.2	BOARD	See the register of sealing quarterly.
14.18.2	CE	Approve and sign all documents which will be necessary in legal proceedings
14.28.2	CE OR NOMINATED OFFICERS*	Sign where authorised by resolution of the Board on behalf of the Trust any agreement or document not requested to be executed as a deed.
16.112.1	CE	Existing Board members, officers and employees and all new appointees are notified of and understand their responsibilities within Standing Orders and SFIs.
App 1 s2	CE	Designate an officer responsible for receipt and custody of tenders before opening.
App 1 s3	TWO SENIOR OFFICERS	Open tenders.
App 1 s4	CE OR NOMINATED OFFICER*	Decide whether any late tenders should be considered.
App 1 s5	DOF	Keep lists of approved firms for tenders.

SECTION 4: SCHEME OF DELEGATION FROM THE BOARD TO THE CHIEF EXECUTIVE

The Board reserves certain powers to itself whilst also delegating certain powers (specified in Standing Orders [2.155.7](#) and detailed in Section 3 of the, "Reservation of powers to the Board and delegation of powers").

The remaining powers necessary to manage and operate the Trust are delegated to the Chief Executive. This Scheme of Delegation makes clear what these delegated powers are, and their limits. If any power has not been reserved to the Board, or delegated to a committee, or delegated within this document, it is assumed to be delegated to the Chief Executive.

The exercise of delegated authority is subject to the stipulations of those Policies agreed by the Board or those Committees reporting to the Board.

The Chief Executive is in turn responsible for preparing and publishing a Detailed Scheme of Delegation where his or her powers are delegated to other Directors and officers of the Trust.

The Board remains accountable for all of its delegated functions, and would therefore expect to receive information about the exercise of delegated functions to enable it to maintain a monitoring role. The Board should also be advised of any major matters likely to bring the good name of the Trust into disrepute.

The powers delegated by the Board to the Chief Executive are as follows:

1	The recruitment and dismissal of employees	This applies to all employees other than Executive Directors.
2	Determining the pay and conditions of employees	This does not apply to the pay and conditions of Executive Directors, which are determined by the Remuneration Committee and subject to remuneration and employment policies approved by the Board. Any one-off (e.g. severance) payment in excess of £100,000 must be approved by the Board.
3	Approval of purchase orders, rental and service contracts, and payment of	Subject to the tender process set out in the Standing Orders and to a maximum lifetime financial commitment of £1 million, above which Board approval is required.

	invoices – both revenue and capital items	This excludes any purchase of land and/or buildings, approval of which is reserved to the Board. When Foundation Trust status is achieved, it will also exclude appointment of external auditors which must be approved by the Council of Governors.
4	Entering into contracts to sell or rent out goods or services, including trading with other NHS organisations, and agreeing prices thereof	Subject to a maximum lifetime commitment of £1 million, above which Board approval is required. This excludes any sale of land and/or buildings, approval of which is reserved to the Board.
5	Entering into joint ventures including with other NHS organisations	Subject to a maximum lifetime commitment of £1 million, above which Board approval is required
6	Investing the Trust's monies, including monies held on trust subject to investment policy approved by the Board	
7	Application of Charitable Funds	Subject to a maximum commitment of £100k
8	Other matters, specifically:	<ul style="list-style-type: none"> a. Arranging insurance cover b. Reporting fraud or crime to the police c. Dealing with complaints d. Dealing with news media e. Clinical service development f. Authorisation of clinical research projects, and clinical trials g. Clinical audit h. Keeping the declaration of interest register i. Attestation and keeping a record of sealings j. Approval of non contractual payments up to £250,000.

SECTION 5: CHIEF EXECUTIVE'S DETAILED SCHEME OF DELEGATION TO THE ORGANISATION

The Chief Executive's Scheme of delegation is the responsibility of the Chief Executive. It is the prerogative of the Chief Executive but is included in the overall suite of Documentation for both completeness and to support the Board in its assurance processes.

Key to abbreviations:

ED	Executive Director
<u>DCD</u>	<u>Clinical Divisional</u> Director
CE	Chief Executive
DF&I	Director of Finance and Information
DWOD	Director of Workforce <u>and OD</u>
<u>DS</u>	<u>Director of Strategy</u>
MD	Medical director
CN	Chief Nurse
<u>DCEGOO</u>	<u>Deputy Chief operating Officer</u> Executive

		Amount(£)	Delegated to	Notes
1	Budget accountability			
			EDs, <u>DCD</u> s, General Managers and budget mangers	'Budget managers' are those managers within each Directorate to whom the ED or <u>DCD</u> has delegated budgetary accountability for their area of responsibility. Each CD and ED will prepare a list of accountable managers to the DF&I annually
2	People costs and Decisions			
	Recruitment within funded establishment (except consultant posts)		People managers	(1) 'People managers' are those managers within each Directorate to whom the ED or <u>DCD</u> has delegated budgetary accountability for their area of responsibility. Each ED and <u>DCD</u> will propose a list of accountable managers to the DWOD and DF&I annually

	Amount(£)	Delegated to	Notes
Consultant Posts		CE	Must be approved by TEC following presentation of a formal business case
Engaging management consultants		CE or ED	
Recruitment beyond funded establishment		DF&I or CE	Subject to vacancy panel process
Engagement of agency staff		People managers	Subject to vacancy policy and published guidance
Regrading of posts		People managers	
Complete forms to confirm pay, new starters and variations		People managers	
Sign off expenses claims (travel and subsistence)		People managers	
Complete positive reporting forms		People managers	
Compassionate leave		People managers	Leave policy
Carer leave			Leave policy
Sick pay			In accordance with the sickness absence policy including Occupational Health referral
Study leave			In accordance with Learning and Development policy
Removal expenses	Up to £8k	DWOD	
	£8k plus	CE	
Authorise lease car user post		DWOD	Lease car policy
Authorise allocation of Trust mobile phone or PDSA		EDs , CDs DDs	
Redundancy		DWOD	
Application for early retirement (ill health)		DWOD	

		Amount(£)	Delegated to	Notes
	Compromise agreements		DWOD	
	Dismissal		People managers	Per disciplinary policy
	Facilities for work experience		People managers	
3	Revenue expenses			
	Budgeted expense	Up to £10k	Budget manager	This is a maximum. EDs, CDs DDs , and General Managers are able to set lower limits for managers within their areas of responsibility
		£10k to £25k	General Manager	
		£25k to £50k	ED or DGD	
		£50k to £250k	DF&I	Where DF&I is budget holder, CE
		£250k to £1m	CE	
		£1m plus	Reserved for Trust Board	
	Un budgeted expenses	£5k plus	CE/DF&I	This is not intended to imply activity related to expenses which are funded by additional income
	Equipment leases		See section 4	Equipment acquired via leasing is subject to similar oversight as if acquired as capital expense
4	Capital Investment			
	Building work, equipment, software etc.	Up to £100k	ED or DGD	Must be approved by Capital Control Group, ISSG or Medical Equipment Committee
		£100k to £250k	DF&I	Must be approved by TEC following presentation of formal Business case
		£250k to £1m		Must be approved by TEC and Finance Committee following presentation of formal Business case
		£1m plus	Reserved for Trust Board	

		Amount(£)	Delegated to	Notes
	Capital equipment acquired via lease contracts		Subject to same sign off limits as capital	Sign off level determined by multiplying annual lease value by 5 to derive notional capital value
5	Tendering Process			
	Organising tender		Head of Procurement, Associate Director of Head of Facilities , Capital Project Manager	
	Receiving tenders		DF&I	
	Opening and recording quotations tenders		Any 2 EDs	
	Adjudication decision		Head of Procurement, Head of Facilities Associate Director of facilities , Capital Project Manager	Normally to lowest price tender. However the adjudicating manager may base decisions on other criteria- but this must be documented.
	Written quotations	£5k to £50k		
	Number of quotations to be obtained	£5k to £20k		2 written quotations
		£20k to £50k		3 written quotations
	Formal tender process	£50k+		
	Number of tenders to be obtained	£50k +		3 tenders
	OJEU tender	OJEU threshold		Legal requirements to publish in EU official journal- advice from Head of Procurement
6	Fees and tariffs for clinical activity			
	NHS contracts		DS plus DF&I	
	Private Patients and		DS plus DF&I	

		Amount(£)	Delegated to	Notes
	non NHS work			
7	Charitable Funds			
		Up to £2k	Trust Fund Holder	
		£2k to £25k	DF&I	
		£25k to £100k	CE	
		£100k plus	Reserved for Trust Board	
8	Purchase and sale of land and /or buildings			
			Reserved for Trust Board	
9	Rental of land and Buildings			
			DS plus DF&I	
10	Losses Write offs and compensation			
	Ex Gratia payments	Up to £10k	Head of Customer Affairs	Subject to complaints policy
		Up to £100k	DF&I	
		£100kto £250k	CE	
		£250k plus	Trust Board	
	Bad debt write offs		Audit committee	
	Write off of losses (theft , fraud , overpayment etc)		Audit committee	
	Legal settlements		DF&I	
11	Insurance cover			

		Amount(£)	Delegated to	Notes
	NHSLA and insurance policies		DF&I and CN	
12	Investment of funds			
	Trust monies		DF&I	Subject to Treasury Policy
	Charitable monies		DF&I	Finance Committee oversight
13	Reporting of fraud to police			
			DF&I	
14	Dealing with Complaints			
	Overall responsibility for dealing with complaints		CE	
	Investigate and responds to complaints with a Directorate		ED/ DGD	
	Coordination of complaints process		Head of Customer affairs	
15	Dealing with news media			
	Non emergency enquiries and coverage		Head of Communications	
	Emergency or major incident		CE	Major Incident policy
16	Clinical services development			
	Depending on annual income/cost (which ever is the highest)	Up to £100k	COO-DCE and DF&I	
		£100k to £1m	CE	Must be approved by TEC following presentation of formal

		Amount(£)	Delegated to	Notes
				business case
		£1m plus	Reserved for Trust Board	Must be approved by TEC following presentation of formal business case
17	Changes to bed allocation			
			DCECOO	
18	Authorisation of Clinical research Projects			
			MD	
19	Authorisation of Clinical trials			
			MD	
20	Approval of new drugs			
			Chair Drugs and Therapeutics committee	
21	Clinical audit			
			CN	
22	Health and safety and buildings legislative compliance			
			Head OF Facilities/COO Associate Director of Facilities and DCE	
23	Compliance with environmental legislation			
			Associate Director of Facilities and DCE Head of Facilities/COO	
24	Fire Precautions			
			Associate Director of	

		Amount(£)	Delegated to	Notes
			Facilities and DCE Head of Facilities/COO	
25	Data Protection Act compliance			
			DF&I	
26	Joint ventures with other organisations			
	Depending on annual income/cost	Up to £100k	DF&I	A joint venture normally involves sharing an investment and sharing risk/return. Amounts represent higher of Trust's share of annual income or expenses
		£100k to £1m	CE	Must be approved by TEC following presentation of formal business case
		£1m	Reserved for Trust Board	Must be approved by TEC following presentation of formal business case
27	Keeping of declaration of interests register			
			Board secretary	
28	Attestation of sealings			
			CE	
29	Keeping a register of sealings			
			Board secretary	
30	Keeping of hospitality registers			
			Board secretary	
31	Retention of corporate records			
			Board secretary	
32	Distribution of Standing Orders			
			Board secretary	