

STANDING FINANCIAL INSTRUCTIONS

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ASHFORD AND ST PETER'S HOSPITALS NHS FOUNDATION TRUST

STANDING FINANCIAL INSTRUCTIONS

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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").

The Trust is governed by the Health and Social Care Act 2012, its Constitution and Licence granted by NHS Improvement (NHSI) (the Regulatory Framework). The functions of the Trust are conferred by the Regulatory Framework. The Regulatory Framework and in particular paragraph 32 of the Constitution requires the Board Directors of the Trust to adopt Standing Orders (SOs) for the regulation of its proceedings and business, and the Trust incorporates these Standing Financial Instructions (SFIs) as part of the SOs.

The Trust is also required to comply with the NHS Oversight Framework (updated annually), the NHS Foundation Trust Code of Governance, the Code of Audit Practice, and the NHS Foundation Trust Annual Reporting Manual as updated from time to time and any other relevant guidance issued by the regulator.

These SFIs together with the SOs 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 SOs. 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..

- 1.1.2 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.
- 1.1.3 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 SOs.
- 1.1.4 Failure to comply with SFIs and SOs is a disciplinary matter which could result in dismissal.
- 1.1.5 **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 & Risk Committee for referring action or ratification. All members of the Board and staff have a duty to disclose any non-compliance with these SFI's to the Director of Finance & Information as soon as possible.
- 1.1.6 These SFI's are also to be used in relation to transactions of The Ashford and St. Peter's Hospitals Charitable Fund.

1.2 **TERMINOLOGY**

- 1.2.1 Any expression to which a meaning is given in the Health and Social Care Act 2012 shall have the same meaning in these instructions.

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- 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.
- 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.
- g) **"Director of Finance & Information"** means the Chief Financial 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.
- i) **"Legal Adviser"** means the properly qualified person appointed by the Trust to provide legal advice.

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

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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 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.

1.3.6 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.

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 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:

- (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:

- (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.

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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 & RISK COMMITTEE

2.1.1 In accordance with the Constitution and Standing Orders the Board of Directors shall formally establish an Audit & Risk Committee, with clearly defined terms of reference and in accordance with guidance in the NHS Foundation Trust Code of Governance issued by NHSI in 2013, the Code of Audit Practice (April 2015) and any other relevant directions and guidance issued by NHSI or any other relevant body, which will provide an independent and objective view of internal control by:

- (a) Overseeing Internal, External Audit and Local Counter Fraud 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 SOs and SFIs.
- (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.

2.1.2 Where the Audit & Risk Committee feel there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wish to raise, the Chairman of the Audit & Risk Committee should raise the matter at a full meeting of the Board. Exceptionally, the matter may need to be referred to the Department of Health and Social Care, (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 & Risk 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 &

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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 Counter Fraud Standards and other guidance.

2.2.3 The Local Counter Fraud Specialist shall report to the Director of Finance & Information and shall work with staff in NHS Counter Fraud Authority in accordance with the NHS 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;
- (b) Ensuring that the internal audit is adequate and meets the Public Sector Internal 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 & Risk 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 and Social Care, and/or NHSI, 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.

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

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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'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 & Risk Committee meetings and has a right of access to all Audit & Risk 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 & Risk Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the Public Sector Internal Audit Standards. The 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 39 of the Constitution by the Trust and paid for by the Trust. The Auditor must ensure a cost efficient service and comply with the Code of Audit Practice.

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;

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- (b) Accord with activity and workforce plans.
- (c) Be produced following discussion with appropriate budget holders.
- (d) Be prepared within the limits of available funds.
- (e) Identify potential risks.

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, and/or appropriate sub-Committee of 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 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 of the Chief Executive, as advised by the Director of Finance & Information.

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, and/or appropriate sub-Committee of 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

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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, activity and workforce budgets.
- (d) Monitoring of management action to correct variances.
- (e) Arrangements for the authorisation of budget transfers.

3.3.2 Each Budget Holder is responsible for ensuring that:

- (a) Any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Board.
- (b) The amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement.
- (c) No permanent employees are appointed without the approval of the Chief Executive other than those provided for 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 Section 11.

3.5 **MONITORING RETURNS**

The Chief Executive is responsible for ensuring that the appropriate monitoring forms are submitted to NHSI and any other 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 NHSI and the Treasury, the Trust's accounting policies, and generally accepted accounting practice.
- (b) Prepare and submit annual financial reports to NHSI certified in accordance with current guidelines.
- (c) Submit financial returns to the NHSI for each financial year in accordance with the timetable prescribed by NHSI.

4.2 In accordance with paragraph 39.2 of the Constitution, the Trust's annual accounts

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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.

- 4.3 The Trust will publish an annual report, in accordance with the Constitution and NHSI's NHS Foundation Trust Annual Reporting Manual, ensure it is laid before Parliament and send it to NHSI.

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 Social Care and NHSI.

- 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 any bank covenants.

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.

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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.

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 NHSI's Approved Costing Guidance 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 and Social Care 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 and Social Care's Commercial Sponsorship – Ethical Standards for the NHS shall be followed.

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.

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- (b) Ordering and securely controlling any such stationery.
 - (c) The provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines.
 - (d) Prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust.
- 6.4.2 Official money shall not under any circumstances be used for the encashment of private cheques.
- 6.4.3 All cheques, 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/Operational Plan. In discharging this responsibility, the Chief Executive should take into account:
- 7.1.1 the standards of service quality expected;
 - 7.1.2 the relevant national service framework (if any);
 - 7.1.3 the provision of reliable information on cost and volume of services; and
 - 7.1.4 any model contracts issued by the Department of Health and Social Care.

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.

- 7.2 In carrying out these functions, the Chief Executive should take into account the advice of the Director of Finance & Information regarding:
- (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

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opportunity to generate income. Contract prices shall comply with NHSI's Approved Costing Guidance.

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 the impact of the variable elements of income.

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

8 TERMS OF SERVICE AND PAYMENT OF DIRECTORS AND EMPLOYEES

8.1 REMUNERATION AND TERMS OF SERVICE

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

8.1.2 The Committee will:

(a) Advise the Board about appropriate remuneration and terms of service for the Chief Executive, other Executive Directors and other Very Senior Managers not on national terms and conditions, 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 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 the performance of the Chief Executive under advice from the Chairman, and of the Executive Directors under advice of the Chief Executive including receipt of reports of annual appraisals.

(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.

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 and 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 34.1 of the Constitution.

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8.2 FUNDED ESTABLISHMENT

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

8.2.2 The funded establishment of any department may not be varied without the approval of the Chief Executive (or as delegated under the Scheme of Delegation).

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 (or as delegated under the Scheme of Delegation).
- (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.

8.3.3 All necessary pre-employment checks that are required should be carried out.

8.4 PROCESSING OF PAYROLL

8.4.1 The Director of Workforce Transformation 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 Workforce Transformation, or Director of Finance & Information where appropriate, will ensure instructions are issued regarding:

- (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.

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- (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.
- (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) The systems in place to recover overpayments to staff in post.
- (n) 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 Workforce Transformation's instructions and in the form prescribed by the Director of Workforce Transformation.
- (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 Workforce Transformation 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 the Director of Workforce Transformation 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. The Trust's detailed Scheme of Delegation sets this out and delegated limits can be varied in-year only with the approval of the Chief Executive.

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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.

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.

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 via the Supplies and Procurement Department. 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 and regularly reviewed.
- (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 authorised to certify invoices.
 - (ii) Certification that:
 - Goods have been duly received, examined and are in accordance with specification and the prices are correct, supplied by the Supplies and Procurement Department.
 - Work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the

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materials used are of the requisite standard and the charges are correct.

- In the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined.
- Where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained.
- The account is arithmetically correct.
- The account is in order for payment.

A timetable and system for submission to the 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.

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

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

9.2.4 Prepayments are only permitted where it is normal commercial practice or where exceptional circumstances apply. In such instances:

- (a) Prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. 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);
- (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.

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.

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(d) Only be issued to, and used by, those duly authorised by the Chief Executive.

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

- (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 advised and supported by the Supplies and Procurement Department.
- (c) Where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health and Social Care or NHSI.
- (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) Requisitions or Orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds. The Supplies and Procurement Department should be consulted to advise best practice and align to the Trust's Scheme of Delegation.
- (i) Goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase. The Supplies and Procurement Department will advise on indemnity and Trust protocols for such provisions.
- (j) Changes to the list of Directors/employees authorised to certify invoices are

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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.

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 transactions comply with the guidance contained within CONCODE and ESTATECODE, or any such subsequent guidance. 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.

9.3 GRANTS TO LOCAL AUTHORITIES AND VOLUNTARY BODIES

9.3.1 Payments to local authorities and voluntary organisations made under the powers of the Health and Social Care Act 2012 shall comply with procedures laid down by the Director of Finance & Information which shall be in accordance with the Act.

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

10 EXTERNAL BORROWING AND INVESTMENTS

10.1 EXTERNAL BORROWING

10.1.1 The Director of Finance & Information is also responsible for reporting periodically to the Board concerning the Public Dividend Capital debt and all loans, overdrafts and working capital facilities.

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

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

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 NHSI. Any short term borrowing requirement must be carried out in accordance with the Treasury Management Policy.

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

10.2 INVESTMENTS

10.2.1 Temporary cash surpluses must be held only in such public or private sector investments as authorised by the Board within the Treasury Management Policy.

10.2.2 The Director of Finance & Information is responsible for advising on investments and shall report periodically to the Modern Healthcare Committee concerning the

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performance of investments held.

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.

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

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) That a business case (in line with the guidance contained within the NHS Oversight Framework and NHSI's 'Capital regime, investment and property business case approval guidance for NHS trusts and foundation trusts' and any other guidance published by NHSI) is produced setting out:
 - (i) An option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs.
 - (ii) 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".

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.

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- (c) Approval to accept a successful tender.

The Chief Executive will issue a Scheme of Delegation for capital investment management in accordance with "Estatecode" guidance and the Trust's Standing Orders.

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 HM Revenue and Customs guidance.

11.2 PRIVATE FINANCE

11.2.1 When the Trust proposes to use finance which is to be provided other than through its 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) The proposal must be specifically agreed by the Board.

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.
- (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/revalued to current values in accordance

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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.

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.

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- 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 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 Section 13, Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.
- 12.8 For goods supplied via the NHS Supply Chain central warehouses, the Chief Executive shall identify those authorised (the Supplies and Procurement Department) 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

- 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.

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- (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 Counter Fraud and Corruption Policy that sets out the action to be taken both by persons detecting a suspected fraud and those persons responsible for investigating it.

13.2.2 Any employee discovering or suspecting a loss of any kind must 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 NHS Counter Fraud Authority regional team in accordance with Secretary of State for Health and Social Care's Directions. The Trust's Counter Fraud and Corruption Policy specifies the procedures in more detail.

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 & Risk Committee twice in each financial year.

13.2.7 No special payments exceeding delegated limits shall be made without the prior approval of NHSI.

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

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(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 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.
- 14.8 Where computer systems have an impact on corporate financial systems the Director

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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 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.

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 Trust 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.

15.4 Where Department of Health and Social Care 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.

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16 FUNDS HELD ON TRUST

16.1 INTRODUCTION

- 16.1.1 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. For funds held on trust that are charitable then these will be covered by a separate Charity Scheme of Delegation. 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 Charity Scheme of Delegation.

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 Code of Practice for Health and Social Care 2016 (the "Records Management Code") as updated..
- 17.2 The records held in archives shall be capable of retrieval by authorised persons.
- 17.3 Records held in accordance with the 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 NHSI which will be approved and monitored by the Board.
- 18.2 The programme of risk management shall include:
- a) A process for identifying and quantifying risks and potential liabilities.

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- 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 on internal control (Annual Governance Statement) within the Annual Report and Accounts as required by NHSI.

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

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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 and Social Care (DHSC) 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 NHSI 'Capital regime, investment and property business case approval guidance for NHS trusts and foundation trusts'. In the case of management consultancy contracts the Trust shall comply as far as is practicable with NHS 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 DHSC); 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 NHSI 'Capital regime, investment and property business case approval guidance for NHS trusts and foundation trusts' 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, then the approval limits are as follows:

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- (a) under £50,000 – the Director of Estates & Facilities, the Associate Director of Procurement or the Associate Director of Health Informatics;
- (b) between £50,000 and £249,999 – the Director of Finance and Information;
- (c) between £250,000 and £999,999 – the Chief Executive; and
- (d) over £1m – the Trust Board.

For waivers between £50,000 and £999,999 the fact of the waiver and the reasons should be documented and reported to the Modern Healthcare Committee.

- 1.5 Except where paragraph 1.4, or a requirement under paragraph 1.1, 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 and reported to the next meeting of the Modern Healthcare 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. 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.
- 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 paragraph 1.4 (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 paragraph 1.8 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 NHS Supply Chain for procurement of all goods and services unless

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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.
- 1.16 **Contracts** - The Trust may only enter into contracts within its statutory powers and shall comply with:
- (a) Standing Orders;
 - (b) these SFIs;
 - (c) EU Directives and other statutory provisions;
 - (d) any relevant directions including the NHSI 'Capital regime, investment and property business case approval guidance for NHS trusts and foundation trusts' 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
- 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 paragraphs 1.1 and 1.2, 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 Bribery Act 2010 and other appropriate legislation.
- 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

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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 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);
 - (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; or
 - (c) sent via the Trust's electronic tendering system.
- 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, Food & Rural Affairs (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 DHSC.
- 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.

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- 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.
- 2.4 For tenders received via the e-tendering system this information will be electronically recorded.

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 one Executive Director and an independent witness not from the originating department.
- 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.

For tenders opened via the e-tendering system this information will be recorded electronically.

- 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

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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.
- 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 Finance & Information and Director of Estates and Facilities, shall keep lists of approved firms and individuals from whom tenders may be invited, 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

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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.

Approved by: Audit & Risk Committee and Trust Board

Date: 30 July 2020

Review Date: May 2021

Comments to: Director of Finance & Information

SFIs 2020

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