



Doncaster and Bassetlaw  
Teaching Hospitals  
NHS Foundation Trust

# Standing Financial Instructions

## July 2023



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|------------------------------------|--|
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**Standing Financial Instructions****Amendment Form**

Please record brief details of the changes made alongside the next version number. If the procedural document has been reviewed **without change**, this information will still need to be recorded although the version number will remain the same.

| <b>Version</b> | <b>Date Issued</b> | <b>Brief Summary of Changes</b>  | <b>Author</b>                                   |
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| Version 11     | July 2023          | <ul style="list-style-type: none"> <li>Updated job titles</li> <li>Updated Procurement tendering limits in line with guidance from regional ICB</li> </ul>   | Alex Crickmar<br>Fiona Dunn<br>Richard Somerset |
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| Version 9      | July 2021          | <ul style="list-style-type: none"> <li>“Chairman” replaced by “Chair”</li> <li>Updated reference to NHS Improvement/NHS England.</li> <li>Clarified Procurement process for £25k-£50k</li> </ul>   | Matthew Bancroft                                |
| Version 8      | July 2020          | <ul style="list-style-type: none"> <li>Updated job titles throughout</li> <li>Updated the NHS Logistics provider details</li> <li>Updated references to NHSI/NHSE throughout.</li> <li>Updated references to procurement legislation and the impact of leaving the EU</li> <li>Updated references to “Estate code”</li> <li>Updated references to “NHSLA”</li> </ul> | Matthew Bancroft                                |
| Version 7      | March 2019         | <ul style="list-style-type: none"> <li>Updated names of structures/meetings</li> <li>Updated sections relating to PBL, Data Protection, Health &amp; Safety and budget virements.</li> </ul>   | Jon Sargeant                                    |
| Version 6      | 30 January 2018    | <ul style="list-style-type: none"> <li>Updated sections on Audit, Budgets, funded/ budgeted establishment, Banking, Payment of Directors and Employees, Non Pay Expenditure, Funds Held on Trust</li> <li>Procurement and Tendering Appendix added</li> </ul>  | Winston Weir                                    |

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## **FOREWORD**

NHS Foundation Trusts need to agree Standing Orders (SOs) for the regulation of their proceedings and business. The Board of Directors are also required to adopt schedules of reservation of powers and delegation of powers.

The documents, together with Standing Financial Instructions, provide a regulatory framework for the business conduct of the Trust. They fulfil the dual role of protecting the Trust's interests and protecting staff from any possible accusation that they have acted less than properly.

The Standing Orders, Delegated Powers and Standing Financial Instructions provide a comprehensive business framework. All executive and non-executive directors, and all members of staff, should be aware of the existence of these documents and, where necessary, be familiar with the detailed provisions.

## 1. INTRODUCTION

### 1.1. General

- 1.1.1. These Standing Financial Instructions (SFIs) detail the financial responsibilities, policies and procedures 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. They shall have effect as if incorporated in the Standing Orders (SOs) of the Trust.
- 1.1.2. These SFIs identify the financial responsibilities which apply to everyone working for the Trust and its constituent organisations. 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 subject to review by the Finance and Performance Committee.
- 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 **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.**

### 1.2. Terminology

- 1.2.1. Any expression to which a meaning is given in Health Service Acts, or in the Financial Directions made under the Acts, shall have the same meaning in these instructions; and
- |                   |   |
|-------------------|---|
| "the Board"       | means the board of directors as constituted in accordance with the Trust Constitution;  |
| "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; |
| "Budget Holder"   | means the director or employee with delegated authority to manage finances (Income and Expenditure) for a specific area of the organisation;                            |
| "Chair"           | means the Chair of the Trust appointed in accordance with the Trust Constitution;   |
| "Chief Executive" | means the Chief Executive Officer of the Trust appointed in accordance with the terms of the Trust Constitution;  |
| "Constitution"    | means the Trust Constitution and all annexes to it;   |

|                       |  |
|-----------------------|--|
| “Director”            | means a director on the Board of Directors;  |
| “Director of Finance” | means the Chief Financial Officer of the Trust;  |
| “Executive Director”  | means an executive director of the Trust appointed in accordance with the Trust Constitution;  |
| “Funds held on Trust” | means those funds which the Trust holds at its date of incorporation, receives on distribution by statutory instrument or chooses to accept under powers derived under S.90 of the 2006 Act; |
| “Legal Adviser”       | means the properly qualified person appointed by the Trust to provide legal advice;  |
| “NHS England”         | means the body corporate known as NHS England;   |
| “Nominated Officer”   | means an officer charged with the responsibility for discharging specific tasks within the SOs and SFIs;   |
| “Officer”             | means an employee of the Trust;  |
| “SOs”                 | means Standing Orders;   |
| “the Trust”           | means Doncaster & Bassetlaw Teaching Hospitals NHS Foundation Trust.   |

1.2.2. Wherever the title Chief Executive, Director of Finance, 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 overall income;
- (c) defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money); and
- (d) defining specific responsibilities placed on 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 Officer to NHS England, 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 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 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;

And, without prejudice to any other functions of directors and employees to the Trust, the duties of the Director of Finance 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; and
- (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; and
  - (d) conforming with the requirements of Standing Orders, Standing Financial Instructions, 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.

## 2. AUDIT

### 2.1 Audit and Risk Committee

- 2.1.1 In accordance with Standing Orders and the Audit Code for Foundation Trusts, the Board shall formally establish an Audit Committee, with clearly defined terms of reference and following guidance from the NHS Audit Committee Handbook.

The Board has established the Audit and Risk Committee to perform the role of the Audit Committee along with additional responsibilities in relation to risk management and assurance. The sub-committee will provide an independent and objective view of internal controls and risk management by:

- (a) overseeing Internal and External Audit services;
- (b) reviewing all internal audit reports;
- (c) reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgments;
- (d) monitoring compliance with Standing Orders and Standing Financial Instructions;
- (e) ensuring that there are adequate arrangements in place for countering fraud and reviewing the outcomes of counter fraud work;
- (f) assessing and providing assurance to the Board on the validity of the control environment within the Trust

- (g) reviewing schedules of losses and compensations and making recommendations to the Board;
- (a) reviewing controls assurance systems, including disseminating relevant information to governors; and
- (b) reviewing risk management arrangements.

The Board shall satisfy itself that at least one member of the committee has recent and relevant financial experience.

- 2.1.2 Where the 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 Chair of the committee should raise the matter at a full meeting of the Board. Exceptionally, the matter may need to be referred to NHS England. (To the Director of Finance in the first instance.)
- 2.1.3 It is the responsibility of the Director of Finance to ensure an adequate internal audit service is provided and the 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 shall monitor and ensure compliance with 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 (LCFS).
- 2.2.3 The LCFS shall report to the Director of Finance and shall work with staff in the NHS Counter Fraud Authority.
- 2.2.4 The Local Counter Fraud Specialist will provide a written report to the Audit and Risk Committee, at least annually, on counter fraud work within the Trust and national context.

## **2.3 Security Management**

- 2.3.1 The Chief Executive will monitor and ensure compliance with directions on NHS security management.
- 2.3.2 The Board shall nominate a suitable person to carry out the duties of the Local Security Management Specialist (LSMS).
- 2.3.3 The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated by the Chief Executive to the Director responsible for Security Management (SMD) and the appointed Local Security Management Specialist (LSMS).

- 2.3.4 The LSMS shall work with the staff in NHS Counter Fraud Authority.
- 2.3.5 The LSMS will provide a written report, at least annually, to the Audit and Risk Committee on security management work within the Trust.

## 2.4 Director of Finance

- 2.4.1 The Director of Finance 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 mandatory audit standards;
  - (c) deciding at what stage to involve the police in cases of fraud, misappropriation, and other irregularities;
  - (d) ensuring that an annual internal audit report is prepared for the consideration of the Audit and Risk Committee and the Board. The report must cover:
    - (i) a clear statement on the effectiveness of internal control,
    - (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.
- 2.4.2 The Director of Finance 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; and
  - (d) explanations concerning any matter under investigation.

## 2.5 Role of Internal Audit

- 2.5.1 Internal audit will provide an independent and objective opinion on risk management, control and governance arrangements by measuring and evaluating their effectiveness. The Head of Internal Audit will provide an annual opinion on the whole system of internal control.
- 2.5.2 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 integrity, reliability and 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.

- 2.5.3 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 must be notified immediately.
- 2.5.4 The Head of Internal Audit will normally attend Audit and Risk Committee meetings and has a right of access to all committee members, the Chair and Chief Executive of the Trust.
- 2.5.5 The Head of Internal Audit shall be accountable to the Audit and Risk Committee. The reporting system for internal audit shall be agreed between the Director of Finance, the Audit and Risk Sub-Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with the best practice guidance on reporting contained in the NHS Internal Audit Manual. The reporting system shall be reviewed at least every 3 years.

## 2.6 External Audit

- 2.6.1 The external auditor is appointed by the Council of Governors and paid for by the Trust, in accordance with paragraph 35 of the Constitution. The auditor must be a member of one or more of the bodies referred to in paragraph 11, Annex 6 of the Constitution.
- 2.6.2 The Council of Governors must ensure that the auditor meets the criteria included by the Code of Audit Practice issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General at the date of appointment and on an ongoing basis throughout the term of their appointment.

## 3. PRUDENTIAL BORROWING REQUIREMENT CONTROL

No longer required

## 4. BUSINESS PLANNING, BUDGETS, BUDGETARY CONTROL, AND MONITORING

### 4.1 Preparation and Approval of Business Plans and Budgets

- 4.1.1 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.
- 4.1.2 In addition the Director of Finance will annually compile, and submit to the Board, such financial plans as required by NHS England.
- 4.1.3 Prior to the start of the financial year the Director of Finance will, on behalf of the Chief Executive, prepare and submit budgets for approval by the Board. Such budgets will:
- be in accordance with the aims and objectives set out in the annual business plan;
  - accord with workload and staffing plans;
  - be produced following discussion with appropriate budget holders;
  - be prepared within the limits of available funds;
  - identify potential risks; and
  - comply with NHS England requirements and other regulations
- 4.1.4 The Director of Finance shall monitor financial performance against budget and business plan monthly and report to the Board and Finance and Performance Committee appropriately.
- 4.1.5 All budget holders must provide information in a timely manner as required by the Director of Finance to enable budgets to be compiled.
- 4.1.6 All Budget Holders will sign up to their allocated Budgets at the commencement of each financial year and spend within allocated Budgets.
- 4.1.7 The Director of Finance has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage successfully.

## **4.2 Budgetary Delegation**

- 4.2.1 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; and
- (f) the provision of regular reports.

- 4.2.2 The Chief Executive and delegated budget holders must not exceed the budgetary total or virement limits set by the Board.
- 4.2.3 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.
- 4.2.4 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. In defining what is either non-recurring or recurring the Director of Finance will have the final decision.

### **4.3 Budgetary Control and Reporting**

- 4.3.1 The Director of Finance will devise and maintain systems of budgetary control. These will include:
- (a) monthly financial reports to the Board or Finance and Performance Committee in a form approved by the Board containing:
    - income and expenditure to date showing trends, forecast year-end position, and variances against budget;
    - balance sheet;
    - cashflow;
    - movements in working capital;
    - capital project spend and projected outturn against plan;
    - explanations of any material variances from plan;
    - movements in reserves;
    - details of any corrective action where necessary and the Chief Executive's and/or Director of Finance'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 and staffing budgets;
  - (d) monitoring of management action to correct variances; and
  - (e) arrangements for the authorisation of budget transfers or virements.
- 4.3.2 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; and
- (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.

4.3.3 Detailed rules relating to budgetary virement are set out in Appendix 3.

4.3.4 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.

#### **4.4 Capital Expenditure**

4.4.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. (The particular applications relating to capital are contained in Chapter 12.)

#### **4.5 Monitoring Returns**

4.5.1 The Chief Executive is responsible for ensuring that the appropriate monitoring forms are submitted to NHS England and other parties as required.

### **5. ANNUAL ACCOUNTS AND REPORTS**

5.1 The Director of Finance, on behalf of the Trust, will:

- (a) prepare financial returns in accordance with the accounting policies and guidance given by NHS England, the Trust's accounting policies, Government Accounting Manual and international financial reporting standards (IFRS);
- (b) prepare and submit annual financial reports in accordance with current guidelines; and
- (c) submit financial returns for each financial year in accordance with the guidance and timetable prescribed by NHS England.

5.2 The Trust's audited annual accounts and auditor's report and Quality Accounts must be presented to the Board of Directors for approval or to Audit and Risk Committee by delegation from the Board and to a general meeting of the Council of Governors.

5.3 The Trust will publish an annual report, in accordance with guidelines on local accountability, and present it at the Annual Members' Meeting. The document will comply with NHS England's Annual Reporting Manual (ARM).

## 6. BANK AND GOVERNMENT BANKING SERVICE ACCOUNTS

### 6.1 General

- 6.1.1 The Director of Finance 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 NHS England.
- 6.1.2 The Board shall approve the banking arrangements.

### 6.2 Bank and Government Banking Service Accounts

- 6.2.1 The Director of Finance is responsible for:
- (a) Setting arrangements in place that NHS Shared Business Service complies with its contract with the organisation for bank and banking services
  - (b) Commercial bank accounts and accounts operated through the Government Banking Service (GBS);
  - (c) establishing separate bank accounts for the Trust's non-exchequer funds;
  - (d) ensuring payments made from commercial banks or GBS accounts do not exceed the amount credited to the account except where arrangements have been made; and
  - (e) reporting to the Board all arrangements made with the Trust's bankers for accounts to be overdrawn.

### 6.3 Banking Procedures

- 6.3.1 The Director of Finance will prepare detailed instructions (agreed with NHS Shared Business Services) on the operation of commercial bank and GBS accounts which must include:
- (a) the conditions under which each commercial bank and GBS account is to be operated;
  - (b) the limit to be applied to any overdraft; and
  - (c) those authorised to sign cheques or other orders drawn on the Trust's accounts.
- 6.3.2 The Director of Finance must advise the Trust's bankers in writing of the conditions under which each account will be operated.
- 6.3.3 Payments over £10,000 shall be supported by more than one authorised signature on the cheque or authority to pay as appropriate.



- 6.3.4 The Director of Finance shall nominate members of his staff who are authorised to act as signatories in respect of commercial bank and GBS accounts.

#### **6.4 Tendering and Review**

- 6.4.1 The Director of Finance will review the 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.

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

#### **7.1 Income Systems**

- 7.1.1 The Director of Finance is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due.
- 7.1.2 The Director of Finance is also responsible for the prompt banking of all monies received.

#### **7.2 Fees and Charges**

- 7.2.1 The Director of Finance 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.
- 7.2.2 All employees must inform the Director of Finance promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.
- 7.2.3 The Director of Finance shall be responsible for implementing any such guidance issued by NHS England in relation to the costing and pricing of services, and in particular services provided to NHS Commissioning bodies.

#### **7.3 Debt Recovery**

- 7.3.1 The Director of Finance is responsible for the appropriate recovery action on all outstanding debts.
- 7.3.2 Income not received should be dealt with in accordance with losses procedures.
- 7.3.3 Overpayments should be detected (or preferably prevented) and recovery initiated.

## 7.4 Security of Cash, Cheques and Other Negotiable Instruments

- 7.4.1 The Director of Finance 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; and
  - (d) prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust.
- 7.4.2 Official money shall not under any circumstances be used for the encashment of private cheques.
- 7.4.3 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received.
- 7.4.4 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. Where receipt of such indemnities is problematic or unclear no such items shall be held in Trust safes.
- 7.4.5 A cheque and payable order register shall be kept in which all cheque and payable order stocks ordered, received and issued shall be recorded and signed for by nominated officers.

## 8. CONTRACTING FOR PROVISION OF SERVICES

- 8.1 The Chief Executive is responsible for negotiating contracts for the provision of services to patients in accordance with the Annual 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 regarding:
- (a) costing and pricing of services;
  - (b) payment terms and conditions; and
  - (c) amendments to contracts and extra-contractual arrangements.
- 8.2 Contracts should be so devised as to minimise risk whilst maximising the Trust's opportunity to generate income.
- 8.3 The Director of Finance 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 and an assessment of any significant risks faced.

- 8.4 This also includes both partnership and provision of facilities arrangements to private healthcare providers in their provision of health care and diagnostic services to patients.

## 9. TERMS OF SERVICE AND PAYMENT OF DIRECTORS AND EMPLOYEES

### 9.1 Remuneration and Terms of Service

- 9.1.1 In accordance with Standing Orders, the Board shall establish a Nominations and Remuneration Committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting.
- 9.1.2 The Committee will:
- (i) Identify and appoint candidates to fill Executive Director positions when they arise.
  - (ii) Identify and nominate a candidate, for approval by the Council of Governors, to fill the position of Chief Executive.
  - (iii) Decide any matter relating to the disciplining or the continuation in office of any Executive Director at any time including the suspension or termination of service of an individual as an employee of the Trust.
  - (iv) Monitor and evaluate the performance of individual Executive Directors on an annual basis.
  - (v) Decide and review the terms and conditions of office of Executive Directors and senior managers on locally-determined pay in accordance with relevant Trust policies, including:
    - a. Salary, including any performance-related pay or bonus;
    - b. Provisions for other benefits, including pensions and cars; and
    - c. Other allowances.
  - (vi) Decide all contractual arrangements for Executive Directors, including, but not limited to, termination payments.
- 9.1.3 The Committee shall report to the Board regarding its recommendations.
- 9.1.4 The Trust will remunerate the Chair and Non-executive Directors in accordance with instructions issued by the Council of Governors.

### 9.2 Funded/Budgeted Establishment

- 9.2.1 The staffing plans incorporated within the annual budget will form the funded / budgeted establishment. The funded/ budgeted establishment will list out the grade, amount, whole time equivalent for the relevant department(s) and must be set out and agreed each

financial year.

- 9.2.2 The funded/budgeted establishment of any department may not be varied without the approval of the Chief Executive and Director of Finance.
- 9.2.3 The funded/budgeted establishment of any clinical department will take account of the required safe levels of clinical staff as necessary for the running of those services.

### **9.3 Staff Appointments**

- 9.3.1 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 nominated representative; and
  - (b) within the limit of their approved budget and funded establishment.
- 9.3.2 The Board will approve procedures presented by the Chief Executive for the determination of commencing pay rates, condition of service, etc, for employees.

### **9.4 Processing of Payroll**

- 9.4.1 The Chief People Officer is responsible for:
  - (a) ensuring that arrangements in place so that the Trust receives an effective and efficient payroll service
  - (b) specifying timetables for submission of properly authorised time records and other notifications;
  - (c) the final determination of pay;
  - (c) making payment on agreed dates; and
  - (d) agreeing method of payment.
- 9.4.2 The Chief People Officer will issue instructions regarding:
  - (a) verification and documentation of data;
  - (b) the timetable for receipt and preparation of payroll data and the payment of employees;
  - (c) maintenance of subsidiary records for pension, 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 payments to employees;
- (i) procedures for the recall of bank credits
- (j) pay advances and their recovery;
- (k) maintenance of regular and independent reconciliation of pay control accounts;
- (l) system to ensure the recovery from leavers of sums of money and property due by them to the Trust.

9.4.3 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 Chief People Officer's instructions and in the form prescribed by the Chief People Officer.
- (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 Chief People Officer must be informed immediately.

9.4.4 Where the Chief People Officer has contracted with another body to administer the Trust's payroll service responsibility for compliance with the above requirements remain with the Chief People Officer.

9.4.5 Regardless of the arrangements for providing the payroll service, the Director of Finance 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.

## **9.5 Contracts of Employment**

9.5.1 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; and
- (b) dealing with variations to, or termination of, contracts of employment.

## **9.6 Directors and Staff Expenses**

9.6.1 Claims for expenses should be submitted in accordance with the Chief People Officer's instructions and in the form prescribed by the Chief People Officer.

- 9.6.2 All claims should be submitted for authorisation, along with any accompanying receipts, as soon as possible after the end of the month concerned. However, all claims must be submitted within three months of the month in which the claim arose. Any claim periods in excess of this deadline will not usually be paid.
- 9.6.3 Once authorised, claims will be paid in accordance with current guidelines and regulations.
- 9.6.4 Claimants must not make duplicate claims for expenses from any other body in addition to that from the Trust.

## 10. NON-PAY EXPENDITURE

### 10.1 Delegation of Authority

- 10.1.1 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.
- 10.1.2 The Chief Executive will set out:
- (a) the list of managers who are authorised to place requisitions for the supply of goods and services; and
  - (b) the maximum level of each requisition and the system for authorisation above that level.
- 10.1.3 The Chief Executive shall set out procedures on the seeking of professional advice regarding the supply of goods and services.

### 10.2 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services

- 10.2.1 The requisitioner, in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the Trust. In so doing, the advice of the Trust's Head of Procurement shall be sought. Wherever appropriate, the supply of goods and services shall be covered by a contract following a competitive exercise.
- 10.2.2 The Trust's Head of Procurement shall be responsible for ensuring that the Trust complies with all applicable laws in relation to choice, requisitioning, ordering and receipt for goods and services. The Director of Finance shall be responsible for the prompt payment of accounts and claims. Payment of contract invoices shall be in accordance with contract terms.
- 10.2.3 The Director of Finance 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 (whole life costs) should be incorporated in standing orders and regularly

reviewed (see Appendix 4);

(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 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.

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

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

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

(f) be responsible for ensuring that all payments made by the Trust fall within its powers.

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

(a) Prepayments are only permitted where the financial advantages outweigh the

disadvantages (i.e. cash flows 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 will need to be satisfied with the proposed arrangements before contractual arrangements proceed; and
- (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.

#### 10.2.5 Official Orders must:

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

#### 10.2.6 Managers must ensure that they comply fully with the guidance and limits specified by the Director of Finance 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 in advance of any commitment being made;
- (b) contracts above specified thresholds are advertised and awarded in accordance with public procurement regulations);
- (c) where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health and NHS England;
- (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;
- (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 on behalf of the Chief Executive;
- (f) all goods, services, or works are ordered in advance on an official order as outlined in the Procurement Policy. All invoices received where an order is not already in place will



be returned;

- (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. All such instances shall be reported to the Director of Finance and followed up with an official purchase order;
- (h) No orders shall be issued retrospectively of the items being received or the service being delivered;
- (i) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- (j) goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;
- (k) changes to the list of directors/employees authorised to certify invoices are notified to the Director of Finance;
- (l) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance; and
- (m) petty cash records are maintained in a form as determined by the Director of Finance.

- 10.2.7 The Director of Finance shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the good practice guidance. The technical audit of these contracts shall be the responsibility of the relevant Director.

### 10.3 Legally Binding Agreements (e.g. leases)

- 10.3.1 Any leases or rental agreements must be vetted by the Director of Finance prior to final agreement, to enable insurance issues and technical accounting treatment to be determined. In addition, all leases entered into on behalf of the Trust should represent value for money.
- 10.3.2 All lease agreements must be signed on behalf of the Trust by the Director of Finance (or his deputy) in addition to being accompanied by the usual order and duly authorised in accordance with these SFIs.

### 10.4 Grants to Local Authorities and Voluntary Bodies

- 10.4.1 Grants to local authorities and voluntary organisations made under the powers of section 28A of the NHS Act 2006 or section 64 of the Health Service and Public Health Act 1968 shall comply with procedures laid down by the Director of Finance which shall be in accordance

with these Acts.

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

## 11. EXTERNAL BORROWING AND INVESTMENTS

### 11.1 External Borrowing

- 11.1.1 The Director of Finance will advise the Board concerning the Trust's ability to pay interest on, and repay, both the originating capital debt and any proposed new borrowing, within the limits set by NHS England for NHS Foundation Trusts. The Director of Finance is also responsible for reporting periodically to the Board concerning Public Dividend Capital debt and all loans and overdrafts.
- 11.1.2 Any application for PDC, a loan or overdraft will only be made by the Director of Finance or by an employee so delegated by him. Also, such applications must however first be authorised by the Board.
- 11.1.3 The Director of Finance must prepare detailed procedural instructions concerning applications for PDC, loans and overdrafts.
- 11.1.4 All 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.
- 11.1.5 All long term borrowing must be consistent with the plans outlined in the current Annual Business Plan. Where there is a need to vary from this principle due to unforeseen in year events a revised business plan will be prepared and provided to the Board to support its deliberations when considering the need to borrow.

### 11.2 Investments

- 11.2.1 Temporary cash surpluses must be held only in such public or private sector investments as authorised by the Board and within such government guidance as may be in place from time to time. The need to prudently manage public funds from unnecessary risk will be a key factor in any decision making regarding what bodies to deposit such funds with.
- 11.2.2 The Director of Finance is responsible for advising the Board on investments and shall report periodically to the Board concerning the performance of investments held.
- 11.2.3 The Director of Finance will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

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

### 12.1 Capital Investment

#### 12.1.1 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; and
- (c) shall ensure that the capital investment is not undertaken without the availability of resources to finance all revenue consequences, including capital charges.
- (d) shall ensure that processes and procedures are in place to monitor, record and report spend against each element of the Capital programme.

#### 12.1.2 For every capital expenditure proposal the Chief Executive shall ensure:

- (a) that a business case 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; and
  - (ii) appropriate project management and control arrangements; and
- (b) that the Director of Finance has certified professionally to the costs and revenue consequences detailed in the business case.

#### 12.1.3 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of "The efficient management of healthcare estates and facilities" (previously "Estatecode") and other official guidance that may become available from time to time.

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

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

#### 12.1.4 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 scheme of delegation for capital investment management in accordance with "The efficient management of healthcare estates and facilities" guidance and the Trust's Standing Orders.

- 12.1.5 The Director of Finance shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes.
- 12.1.6 Due to the introduction of IFRS 16, for the avoidance of doubt, leases of over 12 months in length should follow the process for capital projects.

## **12.2 Private Finance**

- 12.2.1 Where appropriate the possibility of attracting private finance will be investigated for capital expenditure proposals.
- 12.2.2 The Chief Executive will consider such proposals along with all other bids received, in line with the Trust's priorities.
- 12.2.3 Where the proposal is approved the private sector will be invited to submit their bids based upon clear, high level, service based objectives.
- 12.2.4 Once the private sector bids have been received the Director of Finance will provide or commission any specialist assistance to allow the bids to be appraised on a like for like basis.
- 12.2.5 The Chief Executive shall be responsible for deciding upon the preferred shape of the proposed contract and inviting the bidders to tender.
- 12.2.6 The Director of Finance shall ensure that all privately financed proposals represent value for money and genuinely transfer risk to the private sector.
- 12.2.7 Proposals which include the lease of equipment and/or buildings will be tested for Value for Money and the Transfer of Risk by the Capital Accountant.
- 12.2.8 To allow this appraisal of the lease to take place the following financial details shall be obtained:
  - (a) Capital value of asset(s) supplied;
  - (b) Minimum lease period;
  - (c) Minimum lease payment;
  - (d) Frequency of lease payment, including details as to whether required in arrears or

advance;

- (e) Premium for payment by non-direct debit method if applicable;
- (f) Interest rate implicit in the lease (if available).

- 12.2.9 Figures shall be requested for a number of different lease periods, to identify the option, which gives the best returns for the Trust, and be exclusive of VAT.
- 12.2.10 For comparative purposes the capital value of the asset supplied will be the value at the start of the contract plus the discounted value of any enhancements during the minimum lease term less the discounted value of any disposal proceeds at the end of the lease term.
- 12.2.11 The fundamental requirements of a PFI proposal with regards risk are that it is allocated to the party which is best able to manage it and that it is genuinely transferred to the private sector.
- 12.2.12 By achieving optimum risk transfer between the parties to the PFI proposal there is a greater likelihood that value for money will also be achieved.
- 12.2.13 The risks associated with a project typically fall under the following headings:
- (a) Design and Construction Risks;
  - (b) Commissioning and Operating Risks;
  - (c) Demand, Volume or Usage Risks;
  - (d) Technology and Obsolescence Risks;
  - (e) Regulation and Other Risks;
  - (f) Project Financing Risks.
- 12.2.14 The Value for Money attributable to a project is tested by comparing the net present value (or cost) of the estimated annual cash flows over an appraisal period equivalent to the PFI contract term.
- 12.2.15 In addition the PFI proposal shall be assessed for its affordability. This will show whether the proposal is affordable to the Trust and that the impact on prices can be afforded by the Trust's main commissioner.
- 12.2.16 The Director of Finance will be notified in advance of all lease and PFI agreements before any commitment is made.
- 12.2.17 The Chief Executive will ensure that all proposed agreements are scrutinised by either in-house experts or the Trust's Solicitors to ensure that the agreements are comprehensive and are not disadvantageous to the Trust.
- 12.2.18 The Board must specifically agree all PFI proposals before any contracts are signed.

- 12.2.19 When comparing the financials of the various options VAT shall be included within the calculation in so far as it is irrecoverable. The Director of Finance shall engage professional VAT advisers to facilitate this where it is felt necessary.

### 12.3 Asset Registers

- 12.3.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Director of Finance 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. Where systems are in place to monitor these on an ongoing basis a rolling programme of checks and/or sampling will be acceptable.
- 12.3.2 The Trust shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be based on good accounting practice.
- 12.3.3 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; and
  - (c) lease agreements in respect of assets held under a finance lease and capitalised.
- 12.3.4 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).
- 12.3.5 The Director of Finance shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 12.3.6 The value of each asset shall be indexed to current values in accordance with good accounting practice and NHS England guidelines. A periodic revaluation of land and buildings will be undertaken, by an independent professional valuer, as required by accounting guidelines.
- 12.3.7 The value of each asset shall be depreciated using methods and rates as specified in accounting standards and in line with agreed accounting policies.
- 12.3.8 The Director of Finance or his nominated representatives shall calculate capital charges.

## 12.4 Security of Assets

- 12.4.1 The overall control of fixed assets is the responsibility of the Chief Executive.
- 12.4.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Director of Finance. 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; and
  - (g) reporting, recording and safekeeping of cash, cheques, and negotiable instruments.
- 12.4.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Director of Finance.
- 12.4.4 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 property as may be determined by the Board. Any breach of agreed security practices must be reported in accordance with instructions.
- 12.4.5 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.
- 12.4.6 Where practical, assets should be marked as Trust property.

## 13. STORES AND RECEIPT OF GOODS

- 13.1 Stores, defined in terms of controlled stores and departmental stores (for immediate use) should be:
- (a) kept to a minimum;
  - (b) subjected to annual stock take;
  - (c) valued at the lower of cost and net realisable value.
- 13.2 Subject to the responsibility of the Director of Finance 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/her to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the Director of Finance. The control of Pharmaceutical stocks shall be the responsibility of a designated Pharmaceutical Officer; the control of fuel oil and similar items of a designated estates manager.
- 13.3 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.
- 13.4 The Director of Finance shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.
- 13.5 Stocktaking arrangements shall be agreed with the Director of Finance and there shall be a physical check covering all items in store at least once a year. Where stock control systems allow this may be undertaken on a rolling or sample basis as is felt best to ensure the accurate control and recording of stock.
- 13.6 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Director of Finance.
- 13.7 The designated Manager/Pharmaceutical Officer shall be responsible for a system approved by the Director of Finance 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 any evidence of significant overstocking and of any negligence or malpractice (see also Chapter 14, 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.
- 13.8 For goods supplied via the NHS Supply Chain Coordination Limited (SCCL) 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 who shall satisfy himself that the goods have been received before accepting the recharge.



- 13.9 All goods received shall be checked as regards quantity and/or weight and inspected as to quality and specification.
- 13.10 The issue of stores shall be supported by an authorised requisition note and a receipt for the stores issued shall be returned to the Procurement Department, Issuing Department, or Director of Finance.
- 13.11 Where a 'topping up' system is used a record shall be maintained as approved by the Director of Finance. Regular comparisons shall be made of the quantities issued to wards/departments etc. and explanations recorded of significant variances.
- 13.12 All transfers and returns shall be recorded on forms provided for the purpose and approved by the Director of Finance.
- 13.13 Breakages and other losses of goods in stores shall be recorded as they occur and a summary shall be presented to the Director of Finance at regular intervals. Tolerance limits shall be established for all stores subject to unavoidable loss, e.g. shrinkage in the case of certain food stuffs and natural deterioration of certain goods.

## 14. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

### 14.1 Disposals and Condemnations

- 14.1.1 The Director of Finance must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers.
- The Trust may not dispose of any protected property without the approval of NHS England.
- 14.1.2 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 of the estimated market value of the item, taking account of professional advice where appropriate.
- 14.1.3 All unserviceable articles shall be:
- (a) condemned or otherwise disposed of by an employee authorised for that purpose by the Director of Finance;
  - (b) recorded by the Condemning Officer in a form approved by the Director of Finance 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.
- 14.1.4 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 who will take the appropriate action.

## 14.2 Losses and Special Payments

- 14.2.1 The Director of Finance must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments. The Director of Finance must also prepare a 'fraud response plan' that sets out the action to be taken both by persons detecting a suspected fraud and those persons responsible for investigating it.
- 14.2.2 Any employee discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately inform the Chief Executive and the Director of Finance or inform an officer charged with responsibility for responding to concerns involving loss or fraud confidentially. This officer will then appropriately inform the Director of Finance and/or Chief Executive. Where a criminal offence is suspected, the Director of Finance 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 must inform the relevant LCFS, who will then inform NHS Counter Fraud Authority in accordance with Secretary of State for Health's Directions.
- The Director of Finance must ensure that NHS Counter Fraud Authority and the External Auditor are notified of all frauds.
- 14.2.3 For losses apparently caused by theft, fraud, arson, neglect of duty or gross carelessness, except if trivial and where fraud is not suspected, the Director of Finance must immediately notify:
- (a) the Board, and
  - (b) the External Auditor.
- 14.2.4 The Board shall approve the writing-off of losses. The level of delegation to Senior Officers of the Trust are set out in the Reservation of Powers to the Board and Delegation of Powers section 5, paragraph 11.
- 14.2.5 The Director of Finance shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.
- 14.2.6 For any loss, the Director of Finance should consider whether any insurance claim can be made.
- 14.2.7 The Director of Finance shall maintain a Losses and Special Payments Register in which write-off action is recorded.
- 14.2.8 All losses and special payments must be reported to the Audit and Risk Committee at every meeting although the identities of individuals should not be reported unless requested.

## 15. INFORMATION TECHNOLOGY

- 15.1 The Director of Finance, 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 2018;
  - (b) ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;
  - (c) ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
  - (d) ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as he may consider necessary are being carried out.
- 15.2 The Director of Finance shall satisfy himself 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.
- 15.3 In the case of computer systems which are proposed General Applications, all responsible directors and employees will send to the Director of Finance:
- (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.
- 15.4 The Director of Finance 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.
- 15.5 Where another health organisation or any other agency provides a computer service for financial applications, the Director of Finance shall periodically seek assurances that adequate controls are in operation.
- 15.6 Where computer systems have an impact on corporate financial systems the Director of Finance shall satisfy himself that:

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

15.7 The Chief People Officer 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 the Trust that is made publicly available.

## 16. PATIENTS' PROPERTY

- 16.1 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.
- 16.2 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 verbal advice of administrative and nursing staff responsible for admissions,
- that 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.
- 16.3 The Director of Finance 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.
- 16.4 Where it is a requirement for the opening of separate accounts for patients' moneys, these shall be opened and operated under arrangements agreed by the Director of Finance.
- 16.5 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) or other statute, 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.

- 16.6 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.
- 16.7 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.

## 17. FUNDS HELD ON TRUST

### 17.1 Introduction

- 17.1.1 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 NHS England for all funds held on trust.
- 17.1.2 The reserved powers of the Board and the Scheme of Delegation make clear where decisions regarding the exercise of dispositive 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.
- 17.1.3 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. Any further guidance is set out in the Charitable Funds Policy (approved by Board of Directors on an annual basis).
- 17.1.4 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.
- 17.1.5 The Director of Finance shall maintain such accounts and records, including an investment register, as may be necessary to record and protect all transactions and funds of the Trust as trustees of funds held on trust.

### 17.2 Existing Trusts

- 17.2.1 The Director of Finance shall make arrangements for the administration of all existing funds held on trust and shall produce instructions covering every aspect of the financial management of the funds.
- 17.2.2 The Director of Finance shall periodically review the funds in existence and shall make

recommendations to the Board regarding the potential for rationalisation, within statutory guidelines.

### 17.3 New Trusts

- 17.3.1 The Director of Finance shall arrange for the creation of a new trust where funds and/or other assets are received and cannot be adequately managed as part of an existing trust.
- 17.3.2 When making such an assessment as outlined in 17.3.1 above the needs for simplicity of administration and therefore downward pressure on costs shall also be considered.

### 17.4 Sources of New Funds

- 17.4.1 In respect of donations, the Director of Finance shall:
- (a) provide guidelines to officers of this Body as to how to proceed when offered funds. These to include:
    - (i) the identification of the donor's intentions;
    - (ii) where possible, the avoidance of new trusts;
    - (iii) the avoidance of impossible, undesirable or administratively difficult objects;
    - (iv) sources of immediate further advice; and
    - (v) treatment of offers for personal gifts; and
  - (b) provide secure and appropriate receipting arrangements which will indicate that funds have been accepted directly into this Body's trust funds and that the donor's intentions have been noted and accepted.
- 17.4.2 The Director of Finance shall deal with all Legacies and Bequests.
- 17.4.3 In respect of Fundraising, the Director of Finance shall:
- (a) deal with all arrangements for fund-raising by and/or on behalf of this Body and ensure compliance with all statutes and regulations;
  - (b) be empowered to liaise with other organisations/persons raising funds for this Body and provide them with an adequate discharge. The Director of Finance shall be the only officer empowered to give approval for such fund-raising subject to the overriding direction of the Board;
  - (c) for alerting the Board to any irregularities regarding the use of this Body's name or its registration numbers; and
  - (d) be responsible for the appropriate treatment of all funds received from this source.
- 17.4.4 In respect of Trading Income, the Director of Finance shall:
- (a) be primarily responsible with other designated officers, for any trading undertaken by this Body as corporate trustee; and

- (b) be primarily responsible for the appropriate treatment of all funds received from this source.

17.4.5 In respect of Investment Income, the Director of Finance shall be responsible for the appropriate treatment of all dividends, interest and other receipts from this source (see below).

## **17.5 Investment Management**

17.5.1 The Director of Finance shall be responsible for all aspects of the management of the investment of funds held on trust. The issues on which he shall be required to provide advice to the Board shall include:-

- (a) the formulation of investment policy within the powers of this Body under statute and within governing instruments to meet its requirements with regard to income generation and the enhancement of capital value;
- (b) the appointment of advisers, brokers, and, where appropriate, fund managers and:
  - (i) the Director of Finance shall agree the terms of such appointments; and for which
  - (ii) written agreements shall be signed by the Chief Executive;
- (c) pooling of investment resources and the preparation of a submission to the Charity Commission for them to approve;
- (d) the participation by this Body in common investment funds and the agreement of terms of entry and withdrawal from such funds;
- (e) that the use of Trust assets shall be appropriately authorised in writing and charges raised within policy guidelines;
- (f) the review of the performance of brokers and fund managers;
- (g) the reporting of investment performance.

## **17.6 Disposition Management**

17.6.1 The exercise of this Body's dispositive discretion shall be managed by the Director of Finance in conjunction with the Board. In so doing he shall be aware of the following:

- (a) The objects of various funds and the designated objectives;
- (b) the availability of liquid funds within each trust;
- (c) the powers of delegation available to commit resources;
- (d) the avoidance of the use of exchequer funds to discharge trust fund liabilities (except where administratively unavoidable), and to ensure that any indebtedness to the Exchequer shall be discharged by trust funds at the earliest possible time;

- (e) that funds are to be spent rather than preserved, subject to the wishes of the donor and the needs of this Body; and
- (f) the definitions of "charitable purposes" as agreed by the Charity Commission.

### **17.7 Banking Services**

- 17.7.1 The Director of Finance shall advise the Board and, with its approval, shall ensure that appropriate banking services are available to this Body as corporate trustee. These bank accounts should permit the separate identification of liquid funds to each trust where this is deemed necessary by the Charity Commission.

### **17.8 Asset Management**

- 17.8.1 Assets in the ownership of or used by this Body as corporate trustee, shall be maintained along with the general estate and inventory of assets of the Body. The Director of Finance shall ensure:
- (a) that appropriate records of all assets owned by this Body as corporate trustee are maintained, and that all assets, at agreed valuations, are brought to account;
  - (b) that appropriate measures are taken to protect and/or to replace assets. These to include decisions regarding insurance, inventory control, and the reporting of losses;
  - (c) that donated assets received on trust are accounted for appropriately;
  - (d) that all assets acquired from funds held on trust which are intended to be retained within the trust funds are appropriately accounted for;
  - (e) all share and stock certificates and property deeds shall be deposited either with the Trust's bankers or, where this is not practicable, held securely at trust premises.

### **17.9 Reporting**

- 17.9.1 The Director of Finance shall ensure that regular reports are made to the Board with regard to, inter alia, the receipt of funds, investments, and the disposition of resources.
- 17.9.2 The Director of Finance shall prepare annual accounts in the required manner which shall be submitted to the Board within agreed timescales.
- 17.9.3 The Director of Finance shall prepare an annual trustees' report and the required returns to the Charity Commission for adoption by the Board.

### **17.10 Accounting and Audit**

- 17.10.1 The Director of Finance shall maintain all financial records to enable the production of reports as above and to the satisfaction of internal and external audit.



- 17.10.2 The Director of Finance shall ensure that the records, accounts and returns receive adequate scrutiny by external audit during the year. He will liaise with external audit and provide them with all necessary information.
- 17.10.3 The Board shall be advised by the Director of Finance on the outcome of the annual audit. The Chief Executive shall submit the Management Letter to the Board.

#### **17.11 Administration Costs**

- 17.11.1 The Director of Finance shall identify all costs directly incurred in the administration of funds held on trust and, in agreement with the Board, shall charge such costs to the appropriate trust accounts.

#### **17.12 Taxation and Excise Duty**

- 17.12.1 The Director of Finance shall ensure that this Body's liability to taxation, duties and other such charges is managed appropriately, taking full advantage of available concessions, through the maintenance of appropriate records, the preparation and submission of the required returns and the recovery of deductions at source.

#### **17.13 Authorisation Levels of Expenditure from Trust Funds**

- 17.13.1 The Board has established levels of authorisation necessary for expenditure from the funds held on trust, these are set out in the Reservation of Powers to the Board and Delegation of Powers section 5, paragraph 8.

These will be reviewed on a regular basis to ensure that they remain at an appropriate financial level.

### **18. RETENTION OF DOCUMENTS**

- 18.1 The Chief Executive shall be responsible for maintaining archives for all documents required to be retained following good practice under the direction contained in Department of Health guidelines.
- 18.2 The documents held in archives shall be capable of retrieval by authorised persons.
- 18.3 Documents held in accordance with the latest Department of Health guidance shall only be destroyed at the express instigation of the Chief Executive, records shall be maintained of documents so destroyed.

## 19. RISK MANAGEMENT & INSURANCE

### 19.1 Programme of Risk Management

- 19.1.1 The Chief Executive shall ensure that the Trust has a programme of risk management which will be approved and monitored by the Board.
- 19.1.2 The programme of risk management shall include:
- (a) a process for identifying and quantifying risks and potential liabilities;
  - (b) engendering among all levels of staff a positive attitude towards the control of risk;
  - (c) management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control, cost effective insurance cover, and decisions on the acceptable level of retained risk;
  - (d) contingency plans to offset the impact of adverse events;
  - (e) audit arrangements including; internal audit, clinical audit, health and safety review;
  - (f) a clear indication of which risks shall be insured;
  - (g) arrangements to review the risk management programme.
- The existence, integration and evaluation of the above elements will provide a basis to complete the annual governance statement within the Annual Report and Accounts.
- 19.1.3 The Director of Finance shall ensure that insurance arrangements exist in accordance with the risk management programme.

### 19.2 Insurance: Risk Pooling Schemes Administered by NHS Resolution

- 19.2.1 The Board shall decide if the Trust will insure through the risk pooling schemes administered by the NHS Resolution (previously NHS Litigation Authority) or self-insure for some or all of the risks covered by the risk pooling schemes. If the Board decides not to use the risk pooling schemes for any of the risk areas (clinical, property and employers/third party liability) covered by the scheme this decision shall be reviewed annually.

### 19.3 Insurance Arrangements with Commercial Insurers

- 19.3.1 The Board shall decide if the Trust will insure with commercial insurers to supplement or replace the cover available through the risk pooling schemes. If the Board decides to use commercial insurers this decision shall be reviewed annually.

**19.4 Arrangements to be followed by The Board in Agreeing Insurance Cover**

- 19.4.1 Where the Board decides to use the risk pooling schemes administered by NHS Resolution the Director of Finance shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Director of Finance shall ensure that documented procedures cover these arrangements.
- 19.4.2 Where the Board decides not to use the risk pooling schemes administered by NHS Resolution one or other of the risks covered by the schemes, the Director of Finance shall ensure that the Board is informed of the nature and extent of the risks that are self-insured as a result of this decision.
- 19.4.3 The Director of Finance will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses which will not be reimbursed.
- 19.4.4 All the risk pooling schemes require Scheme members to make some contribution to the settlement of claims (the 'deductible'). The Director of Finance should ensure documented procedures also cover the management of claims and payments below the deductible in each case.

**20. ACCEPTANCE OF GIFTS BY STAFF AND LINK TO STANDARDS OF BUSINESS CONDUCT**

- 20.1 The Board Company Secretary shall ensure that all staff are made aware of the Trust Policy on acceptance of gifts and other benefits in kind by staff. This policy follows the guidance contained in the department of health standards of business conduct for NHS staff set out in "Code of Conduct for Directors and employees".

## APPENDIX 1 - INVESTMENTS

### INVESTMENTS

1. The Director of Finance shall ensure that all funds are invested in the name of the Trust. No officer other than the Director of Finance shall open accounts to invest funds on behalf of the Trust.
2. The Director of Finance shall advise bankers and other approved deposit facilities in writing of the conditions under which each account shall be operated.
3. Transfers of funds from bank and GBS accounts to investment accounts must be authorised by two signatories.

## APPENDIX 2 – SECURITY OF CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUMENTS

### SECURITY OF CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUMENTS

1. All cash, cheques postal orders and other forms of payments received by an officer other than a cashier shall be entered immediately on an approved form. All cheques and postal orders shall be crossed immediately "Not negotiable -A/c Doncaster and Bassetlaw Teaching Hospitals NHS Foundation Trust". The remittances shall be passed to the cashier from whom a signature shall be obtained.
2. The opening of coin operated machines and the counting and recording of the takings shall be undertaken by two officers together, except as may be authorised in writing by the Director of Finance and the coin box keys shall be held by a nominated officer.
3. Where amounts of cash have to be transported, special arrangements shall be made by the Director of Finance with a specialist security firm. Under no circumstances shall cash in excess of (£500) be transported by only one officer and the route travelled and times of collection shall be varied as far as practicable.
4. During the absence (e.g. on holiday) of the holder of a safe or cash box key, the officer who acts in his place shall be subject to the same controls as the normal holder of the key. There shall be written discharge for the safe/or cash box contents on the transfer of responsibilities and the discharge document must be retained for inspection.
5. All unused cheques and other orders shall be subject to the same security precautions as are applied to cash.
6. Staff shall be informed on appointment, by the appropriate departmental or senior officers, of their responsibilities and duties for the collection, handling or disbursement of cash, cheques, etc, in line with appropriate financial procedures. This must be in writing, acknowledged, and acknowledgement retained.
7. Any loss or shortfall of cash, cheques, or other negotiable instruments, however occasioned shall be reported immediately to the Director of Finance

## APPENDIX 3 – BUDGETARY VIREMENT

### BUDGETARY VIREMENT

1. Virement is the term used to define the movement of funds from one budget heading to another.
2. **Virement within Individual Budgets:**
  - 2.1 Where a budget holder is expected to be under spent at the year-end, the budget holder may be allowed to offset this under spending against overspendings elsewhere in his/her budget, subject to the criteria itemised below.
  - 2.2 Budget holders are not allowed to use non-recurrent savings for recurrent commitments, for example, savings on equipment purchased cannot be used to appoint new permanent staff.
  - 2.3 Subject to the overall financial position of the individual Division and the Trust, virement will be allowed using the following criteria:
    - (a) Efficiency/CIP targets are being achieved;
    - (b) The predicted year end expenditure will be within budget;
    - (c) The predicted year end income will at least achieve the target;
    - (d) The proposed expenditure is within overall policy, i.e. virement cannot be used to initiate a development of a new / existing service, which is not policy;
    - (e) All other targets are being achieved;
    - (f) Approval has been obtained from the Director of Finance or his nominated Deputy.
  - 2.4 **Virement between Divisions:**

Expected underspendings can be transferred to another Division subject to the agreement of both budget holders and the same constraints as above.
  - 2.5 **Virement between Revenue and Capital:**

This can only be done in exceptional circumstances when approved in advance by the Director of Finance.
  - 2.6 **Budgetary and Virement Limits of the Chief Executive:**

Budgetary or virement limits of the Chief Executive delegated by the Board are outlined in the Scheme of Delegation

## APPENDIX 4 - PROCUREMENT AND TENDERING

### 1.0 INTRODUCTION

- 1.1 The Trust's Standing Financial Instructions (SFI's) set out procedures to be adopted in obtaining goods and services.
- 1.2 This supplementary procedure note deals with the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained and detailed procedures in relation to procurement and tendering.
- 1.3 The Director of Finance (or Deputy in his absence) must personally authorise any contract which commits the Trust to expenditure from £10,000 up to £250,000 as determined by the scheme of delegation. The Chief Executive (or Director of Finance in his absence) must authorise all expenditure from £250,000 to £1,000,000. Any contract over £1,000,000 requires Board approval before Chief Executive authorization.
- 1.4 Any commitment on behalf of the Trust in respect of all capital projects and financial commitments, including leases, costing between £0.5m and £1.5m, in their entirety if included in the Trust's Annual Plan or Capital Plan must be approved by the Trust's Corporate Investment Group (CIG). Any proposals above £0.5m and below £1.5m which have not already been approved in the Trust's Annual Plan or Capital Plan must be submitted to CIG for review and recommendation to the Board. These costs are whole life costs. All expenditure in excess of £1.5m requires approval of the Board.
- 1.5 In addition to the Trust delegated tendering limits, attention must be paid to the UK procurement regulations, any regulations governing procurement within the European Union and any subsequent procurement legislation that become statutes following the UK's exit from the European Union in all cases advice should be sought from the Head of Procurement Head of Procurement to ensure compliance with appropriate thresholds.

### 2.0 COMPETITIVE TENDERING (Over £35,000)

- 2.1 The Trust must ensure that goods and services are procured in an efficient manner and are purchased at the most competitive price. The standard method of procurement will be by competitive tender for goods or services expected to cost in excess of £35,000; this may be waived under the following circumstances:
  - Where the requirements are ordered under existing contracts or where in the opinion of the Finance Director:
  - there is only one supplier and no reasonably satisfactory alternative product/service;

- competition would be impractical, impossible or not beneficial;
- the requirement is to be ordered under existing contracts;
- the work for practical reasons must be of the same manufacture, for instance repairs/spare parts for existing equipment;
- where it is known that a marked financial advantage will accrue to the Trust from making a spot purchase of products subject to quickly changing market conditions.

2.2 In any of these circumstances the detail should be documented and the authorisation counter-signed by the Head of Procurement in confirmation of such circumstances.

### **3.0 COMPETITIVE AND NON-COMPETITIVE QUOTATIONS (£35,000 and under)**

3.1 Three competitive quotations must be obtained for all contracts and services where the value is not expected to exceed £35,000 but is above £10,000. For quotations over £35,000, these may be undertaken by the Procurement Department or locally.

3.2 Non-competitive quotations in writing may be obtained for the following purposes:

- (a) where the supply of goods (or related goods) is of a special character and does not exceed £10,000;

or where in the opinion of the Finance Director:

- (b) there being only one supplier and no reasonably satisfactory alternative product/service;
- (c) competition would be impractical, impossible or not beneficial;
- (d) the requirement is to be ordered under existing contracts;
- (e) the work for practical reasons must be of the same manufacture, for instance, repairs/spare parts for existing equipment;
- (f) where it is known that a marked financial advantage will accrue to the Trust from making a spot purchase of products subject to quickly changing market conditions.

In any of these circumstances the detail should be documented and the authorisation counter-signed by the Head of Procurement in confirmation of such circumstances.



- 3.3 Officers should involve the Head of Procurement in choice of supplier, price negotiation and in the procurement process for all goods and services.
- 3.4 Where the supplier being used is nationally or regionally approved, and/or they are providing a continuous supply in operational terms, it may be appropriate to use annual orders duly authorised as appropriate. Annual orders must include a clear schedule of the items being ordered, their agreed individual prices, an estimate of the volumes required of each item for the period of the order and hence an agreed total cost which must not be exceeded. The advice of the Head of Procurement should be sought when establishing such annual orders to ensure that the correct format is applied and that value for money is obtained.
- 3.5 No single supplier or single annual order should be used for a period in excess of 12 months. The advice of Head of Procurement should be sought. Where this advice is not sought or not acted upon the requisitioner must advise the Chief Executive in writing seeking waiver of this rule.

#### **4.0 TENDERING PROCEDURES**

- 4.1 The basic procedures to be followed in relation to competitive tenders are set out below.
- 4.2 In all cases the tender that provides the best value for money must be accepted using a defined combination of cost and quality. Any proposal to waive this rule would need the approval of:
- goods/services in excess of £10,000 and up to EU Threshold      Director of Finance

Anything over EU Threshold needs initial advice from the Head of Procurement before commencement

- 4.3 Officers with any doubts concerning the appropriateness of competitive tendering in particular circumstances must seek formal clarification from the Director of Finance. The Trust will not be responsible for officers committing costs other than in accordance with the above procedures.
- 4.4 Tenders shall be advertised, issued and submitted on the Trust's e-tendering system.
- 4.5 Every tender for building and engineering works, except any tender for maintenance work only, where "The efficient management of healthcare estates and facilities" guidance should be followed, shall embody or be in the terms of the current Edition of the Standard Form of Building Contract Local Authorities Edition with (or, where appropriate, without) quantities or the Agreement for Minor Building Works issued by the Joint Contract Tribunal as appropriate or (when the contents of the works is primarily engineering) the General Conditions of Contracts recommended by the Institute of Mechanical and Electrical 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 Association of Consulting Engineers and the Federation of Civil Engineering Contractors. These base documents should be modified and amplified to accord with current Departmental guidance forms of contract may be used after prior consultation with the Department.

- 4.6 Tenders submitted via e-tendering will be electronically date and time stamped.
- 4.7 Tenders submitted via e-tendering will remain electronically locked to all Trust staff until the end time for receipt of tenders has passed.
- 4.8 Alterations to tenders submitted via e-tendering will be electronically marked.
- 4.9 Tenders received after the due time and date may be considered only if the Chief Executive decides that there are exceptional circumstances, e.g. where marked financial, technical or delivery advantages would accrue, and is satisfied that there is no reason to doubt the bona fides of the tenderers concerned. The Chief Executive shall decide whether such tenders are admissible and where re-tendering is desirable.
- 4.10 Technically late tenders (i.e. those uploaded in good time but delayed through no fault of the tenderer) may be regarded as having arrived in due time.
- 4.11 Incomplete tenders (i.e. those from which information necessary for the adjudication of the tender is missing) and amended tenders (i.e. those amended by the tenderer upon his own initiative either orally or in writing after the due time for receipt) should be dealt with in the same way as late tenders.
- 4.12 Necessary discussion with a tenderer of the contents of his tender, in order to elucidate technical, etc, points before the award of a contract, need not disqualify the tender.
- 4.13 While decisions as to the admissibility of late, incomplete, or amended tenders are under consideration and while re-tenders are being obtained, the tenders will remain electronically unopened.
- 4.14 Where only one tender/quotation is sought and/or received, the Trust shall, as far as is practicable, ensure that the price to be paid is fair and reasonable.
- 4.15 Every contract for building and engineering works, except measured term contracts where Estmancode guidance should be followed, should be embodied in a formal contract document which should conform to these Standing Financial Instructions. These formal contract documents should reflect any change in the terms and conditions of contract agreed following receipt of tenders.
- 4.16 No goods, services or works other than works and services, executed in accordance with a contract and purchases from petty cash shall be ordered except on an official order, which may be in hard copy or electronic media. Contractors shall be notified that they should not

accept orders unless in an official format. Verbal orders shall be issued only in specific instances, the first being by an officer designated by the Chief Executive in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "Confirmation Order". The second being by the use of official purchasing cards, by those designated to do so by the Chief Executive, and in accordance with the detailed guidance and limitations for the use of such cards as issued by the Director of Finance.

## APPENDIX 5 - EQUALITY IMPACT ASSESSMENT PART 1 INITIAL SCREENING

| Service/Function/Policy/Project/ Strategy  | CSU/Executive Directorate and Department | Assessor (s)     | New or Existing Service or Policy? | Date of Assessment |
|--|--|------------------|------------------------------------|--------------------|
| Standing Financial instructions –July 2023 - CORP/FIN 1 (B) v.11   | CE/Finance                               | Alex Crickmar    | Existing Policy                    | July 2022          |
| <b>1) Who is responsible for this policy?</b> Name of CSU/Directorate – Finance Department   |  |                  |                                    |                    |
| <b>2) Describe the purpose of the service / function / policy / project/ strategy?</b> Who is it intended to benefit? What are the intended outcomes? To provide a framework within which the Trust can properly conduct its financial affairs and transactions. |  |                  |                                    |                    |
| <b>3) Are there any associated objectives?</b> Legislation, targets national expectation, standards No   |  |                  |                                    |                    |
| <b>4) What factors contribute or detract from achieving intended outcomes?</b> – Compliance with the policy  |  |                  |                                    |                    |
| <b>5) Does the policy have an impact in terms of age, race, disability, gender, gender reassignment, sexual orientation, marriage/civil partnership, maternity/pregnancy and religion/belief?</b> Details: [see Equality Impact Assessment Guidance] - No        |  |                  |                                    |                    |
| <ul style="list-style-type: none"> <li>If yes, please describe current or planned activities to address the impact [e.g. Monitoring, consultation] – N/A</li> </ul>  |  |                  |                                    |                    |
| <b>6) Is there any scope for new measures which would promote equality?</b> [any actions to be taken] N/A  |  |                  |                                    |                    |
| <b>7) Are any of the following groups adversely affected by the policy?</b> No   |  |                  |                                    |                    |
| <b>Protected Characteristics</b>   | <b>Affected?</b>                         | <b>Impact</b>    |                                    |                    |
| a) Age   | No                                       |                  |                                    |                    |
| b) Disability  | No                                       |                  |                                    |                    |
| c) Gender  | No                                       |                  |                                    |                    |
| d) Gender Reassignment   | No                                       |                  |                                    |                    |
| e) Marriage/Civil Partnership  | No                                       |                  |                                    |                    |
| f) Maternity/Pregnancy   | No                                       |                  |                                    |                    |
| g) Race  | No                                       |                  |                                    |                    |
| h) Religion/Belief   | No                                       |                  |                                    |                    |
| i) Sexual Orientation  | No                                       |                  |                                    |                    |
| <b>8) Provide the Equality Rating of the service / function /policy / project / strategy – tick (✓) outcome box</b>  |  |                  |                                    |                    |
| <b>Outcome 1✓</b>  | <b>Outcome 2</b>                         | <b>Outcome 3</b> | <b>Outcome 4</b>                   |                    |
| <i>*If you have rated the policy as having an outcome of 2, 3 or 4, it is necessary to carry out a detailed assessment and complete a Detailed Equality Analysis form in Appendix 4</i>  |  |                  |                                    |                    |
| <b>Date for next review:</b> July 2024   |  |                  |                                    |                    |
| <b>Checked by:</b> Alex Crickmar <b>Date / Jon Sargeant:</b> July 2023   |  |                  |                                    |                    |
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