RESERVATION AND DELEGATION of POWERS and STANDING FINANCIAL INSTRUCTIONS

January 2017

Approved by the Board of Directors 18 January 2017

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Section A - Interpretations and Definitions for Standing Financial Instructions

1.1. Save as otherwise permitted by law, at any meeting the Chairman of the Trust shall be the final authority on the interpretation of Standing Financial Instructions (on which they should be advised by the Chief Executive/ Chief Finance Officer or Secretary to the Board).

1.2. Unless otherwise stated, words or expressions contained in this constitution shall bear the same meaning as in the National Health Service Act 2006 as amended by the Health and Social Care Act 2012.

1.2.1. ‘the 2006 Act’ is the National Health Service Act 2006.
1.2.2. ‘the 2012 Act’ is the Health and Social Care Act 2012.

1.3. Words importing the masculine gender only shall include the feminine gender; words importing the singular shall import the plural and vice versa. and in addition:

1.3.1. "Accountable Officer" means the NHS Officer responsible and accountable for funds entrusted to the Trust. The officer shall be responsible for ensuring the proper stewardship of public funds and assets. For this Trust it shall be the Chief Executive.

1.3.2. “Accounting Officer” is the person who from time to time discharges the functions specified in paragraph 25(5) of Schedule 7 to the 2006 Act.

1.3.3. “Associate Member” means a person appointed to perform specific statutory and non-statutory duties which have been delegated by the Trust Board for them to perform and these duties have been recorded in an appropriate Trust Board minute or other suitable record.

1.3.4. “Board” means the Board of Directors as defined by the Constitution of Oxford University Hospitals NHS Foundation Trust.

1.3.5. "Board of Directors" means the Chairman, officer (executive) and non-officer (non-executive) members of the Trust collectively as a body.

1.3.6. "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.

1.3.7. “Budget Manager (Budget Holder)” means the director or employee with delegated authority to manage finances (Income and Expenditure) for a specific area of the organisation.

1.3.8. "Chairman of the Board (or Trust)" is the person appointed by the Council of Governors to lead the Board and to ensure that it successfully discharges its overall responsibility for the Trust as a whole. The expression “the Chairman of the Trust” shall be deemed to include the Vice-Chairman of the Trust if the Chairman is absent from the meeting or is otherwise unavailable.

1.3.9. "Chief Executive" means the Chief Executive Officer of the Trust.

1.3.10. “Chief Finance Officer” means the Executive Director of Finance and Procurement.

1.3.11. "Commissioning" means the process for determining the need for and for obtaining the supply of healthcare and related services by the Trust within available resources.
1.3.12. "Committee" means a committee or sub-committee created and appointed by the Board or by an authorised committee, group or officer.

1.3.13. "Committee members" means persons formally appointed by the Board or by an authorised committee, group or officer to sit on or to chair specific committees.

1.3.14. "Contracting and procuring" means the systems for obtaining the supply of goods, materials, manufactured items, services, building and engineering services, works of construction and maintenance and for disposal of surplus and obsolete assets.

1.3.15. "Executive Director of Finance and Procurement" means the Chief Finance Officer of the Trust.

1.3.16. “Financial decision maker” is a substantive member of staff who is a Budget holder or person corporately responsible for the expenditure; however they may delegate the responsibility for implementation to a senior authorising user.

1.3.17. “Funds held on trust” shall mean those funds which the Trust holds on date of incorporation, receives on distribution by statutory instrument or chooses subsequently to accept under powers derived under S.90 of the NHS Act 1977, as amended. Such funds may or may not be charitable.

1.3.18. “Lead Officer” as used in section C.11.2.6 means the senior manager operationally responsible for the use of the goods / services and the budget holder with the greatest expenditure across the contract.

1.3.19. "Member" means officer or non-officer member of the Board as the context permits. Member in relation to the Board does not include its Chairman.

1.3.20. Monitor” is the corporate body known as Monitor, as provided by Section 61 of the 2012 Act. (References to Monitor also include NHS Improvement)

1.3.21. “NHS Improvement” is the operational name for an organisation that brings together: Monitor, NHS Trust Development Authority, Patient Safety (from NHS England), National Reporting and Learning System, Advancing Change Team and Intensive Support Teams.

1.3.22. "Nominated officer" means an officer charged with the responsibility for discharging specific tasks within Standing Orders and Standing Financial Instructions.

1.3.23. "Non-officer member" means a member of the Board of Directors who is not an officer of the Trust and is not to be treated as an officer by virtue of regulation 1(3) of the Membership, Procedure and Administration Arrangements Regulations. Non-officer Board members are commonly called Non-executive Directors.

1.3.24. "Officer" means employee of the Trust or any other person holding a paid appointment or office with the Trust.

1.3.25. "Officer member" means a member of the Board of Directors who is either an officer of the Trust or is to be treated as an officer by virtue of regulation 1(3) (i.e. the Chairman of the Trust or any person nominated by such a Committee for appointment as a Trust member). Officer Board members are commonly called Executive Directors.

1.3.26. “Quality Committee” means a committee of the Board whose functions are concerned with the arrangements for assuring both the Trust’s corporate governance and the quality of healthcare for which the Trust is responsible.

1.3.27. "Secretary" means a person appointed to act independently of the Board of Directors to provide advice on corporate governance issues to the Board of
Directors and the Chairman and monitor the Trust’s compliance with the law, Standing Orders, and NHS Improvement (Monitor) / Department of Health guidance.

1.3.28. “Senior Authorising User” A person who is responsible for operationally administrating the budget

1.3.29. “Senior Manager” those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS body. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments

1.3.30. "SFIs" means Standing Financial Instructions.

1.3.31. "SOs" means Standing Orders of the Board of Directors as set out in Annex 7 of the Constitution for Oxford University Hospitals NHS Foundation Trust.

1.3.32. “Trust” means Oxford University Hospitals NHS Foundation Trust.

1.3.33. “Vice-Chairman” means the non-officer member appointed by the Board of Directors to take on the Chairman’s duties if the Chairman is absent for any reason.

1.4. Wherever the title Chief Executive, Chief Finance Officer or other nominated officer is used, it shall be deemed to include such other directors or employees who have been duly authorized to represent them. Wherever the term “officer” is used and the context permits it shall be deemed to include employees of third parties contracted to the Trust when acting on behalf of the Trust.
# Section B – Scheme of Reservation and Delegation

**Decisions Reserved to the Board of Directors**

<table>
<thead>
<tr>
<th>REF</th>
<th>THE BOARD OF DIRECTORS</th>
<th>Decisions reserved to the Board of Directors</th>
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<tbody>
<tr>
<td>NA</td>
<td>BOARD OF DIRECTORS</td>
<td>General Enabling Provision</td>
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<td>The Board of Directors may determine any matter, for which it has delegated or statutory authority, it wishes in full session within its statutory powers.</td>
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<tr>
<td>NA</td>
<td>BOARD OF DIRECTORS</td>
<td>Regulations and Control</td>
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<tr>
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<td>1. Approve Standing Orders (SOs), a schedule of matters reserved to the Board of Directors and Standing Financial Instructions for the regulation of its proceedings and business.</td>
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<td>2. Suspend Standing Orders.</td>
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<td>3. Vary or amend the Standing Orders.</td>
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<td>4. Ratify any urgent decisions taken by the Chairman and Chief Executive in public session</td>
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<td>5. Approve a scheme of delegation of powers from the Board of Directors to committees.</td>
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<td>6. Require and receive the declaration of Board members’ interests that may conflict with those of the Trust and determining the extent to which that member may remain involved with the matter under consideration in accordance with paragraph 33 of the constitution.</td>
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<td>7. Require and receive the declaration of officers’ interests that may conflict with those of the Trust in accordance with paragraph 33 of the constitution.</td>
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<td>8. Approve arrangements for dealing with complaints and receive an annual report on complaints.</td>
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<td>9. Adopt the organisation structures, processes and procedures to facilitate the discharge of business by the Trust and to agree modifications thereto.</td>
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<td>10. Receive reports from committees including those that the Trust is required by the Secretary of State or other regulation to establish and to take appropriate action on such reports.</td>
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<td>11. Confirm the recommendations of the Trust’s committees where the committees do not have executive powers.</td>
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<td>12. Establish terms of reference and reporting arrangements of all committees and sub-committees that are established by the Board of Directors.</td>
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<td>13. Approve arrangements relating to the discharge of the Trust’s responsibilities as a bailer for patients’ property.</td>
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<td>15. Ratify or otherwise instances of failure to comply with Standing Orders brought to the Chief Executive’s attention in accordance with SO 18.7.</td>
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<td>16. Discipline members of the Board of Directors or employees who are in breach of statutory requirements or SOs.</td>
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<tr>
<td>Reference</td>
<td>Board of Directors</td>
<td>Decisions reserved to the Board of Directors</td>
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</table>
| NA        | Appointments/ Dismissal | 1. Appoint the Senior Independent Director of the Trust (in consultation with the Council of Governors), who shall perform the role set out in the NHS Foundation Trust Code of Governance.  
2. The appointment and dismissal of Associates of the Trust Board  
3. Appoint and dismiss committees (and individual members) that are directly accountable to the Board of Directors.  
4. The non-executive directors shall appoint or remove the Chief Executive in accordance with paragraph 28 of the constitution  
5. Appoint, discipline and dismiss Executive Directors (in accordance with paragraph 28 of the constitution & subject to appropriate NHS Improvement (Monitor) approval in any cases involving severance payments)  
6. Confirm appointment of members of any committee of the Trust as representatives on outside bodies.  
7. Appoint, discipline and dismiss the Board Secretary  
8. Approve proposals of the Remuneration and Appointments Committee regarding directors and senior employees and those of the Chief Executive for staff not covered by the Remuneration and Appointments Committee. |
| NA        | Strategy, Plans and Budgets | 1. Define the strategic aims and objectives of the Trust each year.  
2. Approve proposals for ensuring quality and developing clinical governance in services provided by the Trust, having regard to any guidance issued by NHS Improvement (Monitor).  
3. Approve the Trust’s policies and procedures for the management of risk.  
4. Approve the Trust’s policies and procedures for the management of health and safety and receive an annual report on health and safety.  
5. Approve Outline and Final Business Cases for Capital Investment (subject to any guidance issued by NHS Improvement (Monitor)).  
6. Approve the budgets and the Trust’s financial plan.  
7. Approve annually Trust’s proposed organisational development proposals.  
8. Ratify proposals for acquisition, disposal or change of use of land and/or buildings.  
9. Approve PFI proposals (subject to any guidance issued by NHS Improvement (Monitor)).  
10. Approve the opening of bank or investment accounts.  
11. Approve proposals on individual contracts (other than NHS contracts) of a capital or revenue nature amounting to, or likely to amount to over £1,000,000 over a 3 year period or the period of the contract if longer.  
12. Approve proposals in individual cases for the write off of losses or making of special payments above the limits of delegation to the Chief Executive and Chief Finance Officer (for losses and special payments) previously approved by the Board of Directors.  
13. Approve individual compensation payments.  
14. Approve proposals for action on litigation against or on behalf of the Trust.  
15. Review use of NHSLA risk pooling schemes (LPST/CNST/RPST).  
16. Receive annual reports on Child protection, comments and Complaints, and Control of Infection. |
<table>
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<tr>
<th>REF</th>
<th>THE BOARD OF DIRECTORS</th>
<th>Decisions reserved to the Board of Directors</th>
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<tr>
<td>NA</td>
<td>BOARD OF DIRECTORS</td>
<td><strong>Policy Determination</strong></td>
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<td>1. Approve management policies including personnel policies incorporating the arrangements for the appointment, removal and remuneration of staff.</td>
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<td>NA</td>
<td>BOARD OF DIRECTORS</td>
<td><strong>Audit</strong></td>
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<td>1. To note the appointment (and, where necessary, dismissal) of the External Auditor, and advise NHS Improvement (Monitor) on the appointment.</td>
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<td>2. Receive of the annual management letter received from the external auditor and agreement of proposed action, taking account of the advice, where appropriate, of the Audit Committee.</td>
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<td>3. Receive an annual report from the Internal Auditor and agree action on recommendations where appropriate of the Audit Committee.</td>
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<td>4. To approve the appointment (and where necessary dismissal) of the internal auditors.</td>
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<tr>
<td>NA</td>
<td>BOARD OF DIRECTORS</td>
<td><strong>Annual Reports and Accounts</strong></td>
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<td>1. Receipt and approval of the Trust's Annual Report and Annual Accounts.</td>
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<td>NA</td>
<td>BOARD OF DIRECTORS</td>
<td><strong>Monitoring</strong></td>
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<td>1. Receive such reports as the Board of Directors sees fit from committees in respect of their exercise of powers delegated.</td>
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<td>2. Continuous appraisal of the affairs of the Trust by means of the provision of information to the Board as the Board may require from directors, committees, and officers of the Trust as set out in management policy statements. All monitoring returns required by NHS Improvement (Monitor) shall be reported, at least in summary, to the Board of Directors.</td>
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<td>3. Receive reports on all aspects of the Trust’s performance, and particularly those covering performance against budget, financial plans, performance improvement plans, internal or national targets, and measures of activity and quality.</td>
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Decisions / Duties Delegated by the Board of Directors to Committees

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<tr>
<th>Ref.</th>
<th>Committee</th>
<th>Decisions/Duties delegated by the Board of Directors to Committees</th>
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<tr>
<td>SFI 2.1.1</td>
<td>AUDIT COMMITTEE</td>
<td>The Committee will:</td>
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<td><strong>Internal Control and Risk Management</strong></td>
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<td>1. ensure the provision and maintenance of an effective system of financial risk identification and associated controls, reporting and governance.</td>
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<td>2. maintain an oversight of the Trust’s general risk management structures, processes and responsibilities, including the production and issue of any risk and control related disclosure statements.</td>
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<td>3. review the risk register at each meeting or as the Board determines.</td>
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<td>4. monitor and review the Board Assurance Framework, and ensure its presentation to the Board of Directors at intervals that the Board determines.</td>
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<td>5. receive and consider the Annual Governance Statement, making recommendations to the Board for approval, where appropriate.</td>
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<td>6. review the adequacy of the policies and procedures for all counter fraud work.</td>
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<td>7. review the adequacy of the Trust’s arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and control, or related matters or other matters of concern.</td>
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<td>8. oversee the maintenance of the policy framework of the Trust, in particular the Policy for the Development of Procedural Documents.</td>
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<td>9. oversee the effective governance of key anti-bribery and corruption activities and risks.</td>
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<td><strong>Internal Audit</strong></td>
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<td>10. oversee the effective operation of Internal Audit and ensure its co-ordination with External Audit.</td>
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<td>11. review the Internal Audit programme, consider the major findings of Internal Audit investigations and management’s response, and monitor progress on implementation of recommendations.</td>
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<td><strong>External Audit</strong></td>
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<td>12. assess the External Auditor’s work and fees on an annual basis.</td>
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<td>13. discuss with the External Auditor, before the audit commences, the nature and scope of the audit, and ensure co-ordination, as appropriate, with other External Auditors in the local health economy.</td>
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<td>14. review External Audit reports, including the Annual Audit Letter, together with the management response, and to monitor progress on the implementation of recommendations.</td>
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<td>15. develop and implement a policy on the External Auditor to supply non-audit services.</td>
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<td><strong>Annual Account Review</strong></td>
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<td>16. review the Trust’s annual statutory accounts, before they are presented to the Board of Directors, to determine their objectivity.</td>
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<tr>
<td>Ref.</td>
<td>Committee</td>
<td>Decisions/Duties delegated by the Board of Directors to Committees</td>
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<tr>
<td></td>
<td></td>
<td>integrity and accuracy. This review will cover:</td>
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<tr>
<td></td>
<td></td>
<td>- The meaning and significance of the figures, notes and significant changes;</td>
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<tr>
<td></td>
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<td>- Accounting policies and practices followed and significant changes;</td>
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<tr>
<td></td>
<td></td>
<td>- Explanation of estimates or provisions having material effect;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- The schedule of losses and special payments;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Any reservations and disagreements between the External Auditors and management not satisfactorily resolved.</td>
</tr>
</tbody>
</table>

Standing Orders, Standing Financial Instructions and Standards of Business Conduct

17. review on behalf of the Board of Directors the operation of, and proposed changes to the Standing Orders and Standing Financial Instructions, Codes of Conduct and Standards of Business Conduct; including maintenance of registers of interest.

18. examine the circumstances of any significant departure from the requirements of any of the foregoing.

19. review the Scheme of Delegation.

Other audit related issues

20. review performance indicators relevant to the Committee.

21. examine any other matter referred to the Committee by the Board of Directors and to initiate investigation as determined by the Committee.

22. annually review the accounting policies of the Trust and make appropriate recommendations to the Board of Directors.

23. identify annual objectives of the Committee, produce an annual work plan in the agreed Trust format, measure performance at the end of the year and produce an annual report.
<table>
<thead>
<tr>
<th>Ref.</th>
<th>Committee</th>
<th>Decisions/Duties delegated by the Board of Directors to Committees</th>
</tr>
</thead>
<tbody>
<tr>
<td>SFI</td>
<td><strong>RENUMERATION AND APPOINTMENTS COMMITTEE</strong></td>
<td>The Committee will:</td>
</tr>
<tr>
<td>10.1</td>
<td></td>
<td>1. have delegated authority to determine the policy and management of Executive Director remuneration, including base pay, variable pay contingent on performance, contracts and terms of service, termination arrangements and pensions, ensuring they are fairly rewarded for their individual contribution to the organisation – having proper regard to the organisation's circumstances and performance, to the provisions of any national agreements where appropriate.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. in determining remuneration for Executive Directors, the Committee shall review and agree:</td>
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<tr>
<td></td>
<td></td>
<td>2.1. overall market positioning of the remuneration package</td>
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<td></td>
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<td>2.2. individual base salaries and increases</td>
</tr>
<tr>
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<td>2.3. relevant targets for performance related schemes</td>
</tr>
<tr>
<td></td>
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<td>3. ensure that the right performance management arrangements are in place for Executive Directors and work with the Chief Executive to relate performance judgments to pay.</td>
</tr>
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<td></td>
<td>4. approve the contract of employment for each Executive Director, including termination arrangements.</td>
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<td>5. scrutinise and agree severance terms for the termination of a contract of employment giving due regard to Treasury requirements and ensuring compliance with relevant guidance for NHS foundation trusts on processes for making severance payments.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6. In determining remuneration policy and packages for Executive Directors, the Committee shall have regard to the Trust's overarching reward and benefit strategy for all staff, the arrangements in the wider NHS and any extant guidance from NHS Improvement (Monitor) and HM Treasury.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7. Undertake any other duties as directed by the Board of Directors.</td>
</tr>
<tr>
<td></td>
<td><strong>FINANCE AND PERFORMANCE COMMITTEE</strong></td>
<td>The Committee will:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1. review the integrated performance of the Trust.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. provide overview and scrutiny in any other areas of financial and operational performance referred to the Finance and Performance Committee by the Trust Board.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. monitor the effectiveness of the Trust's financial and operational performance reporting systems ensuring that the Board is assured of continued compliance through its annual reporting, reporting by exception where required.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Review the Trust's performance against its annual financial plan and budgets</td>
</tr>
<tr>
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<td></td>
<td>5. review the Trust's operational performance against its annual plan and to monitor any necessary corrective planning and action.</td>
</tr>
<tr>
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<td></td>
<td>6. monitor the performance of the Trust’s physical estate and non-clinical services</td>
</tr>
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<td>7. provide overview and scrutiny to the development of the medium and long term financial model (MTFM and LTFM)</td>
</tr>
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<td>8. ensure that the MTFM and LTFM is designed, developed, delivered, managed and monitored appropriately.</td>
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<td>9. ensure that appropriate clinical advice and involvement in the MTFM and LTFM is provided</td>
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<td></td>
<td>10. review the in-year delivery of annual efficiency savings programmes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>11. review the performance indicators relevant to the remit of the Committee.</td>
</tr>
<tr>
<td>Ref.</td>
<td>Committee</td>
<td>Decisions/Duties delegated by the Board of Directors to Committees</td>
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<tr>
<td>12.</td>
<td></td>
<td>identify annual objectives of the Committee, produce an annual work plan in the agreed Trust format, measure performance at the end of the year and produce an annual report.</td>
</tr>
<tr>
<td>13.</td>
<td></td>
<td>consider any relevant risks within the Board Assurance Framework and corporate level risk register as they relate to the remit of the Committee, as part of the reporting requirements, and to report any areas of significant concern to the Audit Committee or the Board as appropriate as appropriate.</td>
</tr>
<tr>
<td>14.</td>
<td></td>
<td>undertake any other duties delegated to it by the Board of Directors.</td>
</tr>
<tr>
<td></td>
<td>QUALITY COMMITTEE</td>
<td>The Committee will:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1. Oversee the effectiveness of the clinical systems developed and implemented by the Clinical Governance Committee to ensure they maintain compliance with the Care Quality Commission’ Fundamental Standards of quality and safety.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Oversee an effective system for safety within the Trust, with particular focus on; patient safety, including a consideration of the Quality Impact Assessment of Cost Improvement Programmes, staff safety and wider health &amp; safety requirements.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Oversee an effective system for delivering a high quality experience for all its patients and service users, including carers, with particular focus on involvement and engagement for the purposes of learning and making improvement.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Oversee an effective system for monitoring clinical outcomes and clinical effectiveness; with particular focus on ensuring patients receive the best possible outcomes of care across the full range of Trust activities.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Assure the Trust’s maintenance of compliance with the Care Quality Commission registration through assurance of the systems of control, with particular emphasis on the Fundamental Standards of safety &amp; quality.</td>
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<tr>
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<td></td>
<td>6. Oversee and assure the Board on statutory and mandatory requirements, relating to quality of care.</td>
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<tr>
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<td>7. Oversee and assure on external assessment systems, professional bodies’ and regulatory bodies’ requirements.</td>
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<td></td>
<td></td>
<td>8. Monitor and review the system for Quality Governance, Information Governance, Workforce Governance, Research &amp; Development Governance ensuring that the Board is assured of continued compliance through its annual report, reporting by exception where required.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9. Identify annual objectives of the Committee, produce an annual work plan in the agreed Trust Format, measure performance at the end of the year and produce an annual report. This will also include an assessment of compliance with the Committee’s terms of reference and a review of the effectiveness of the committee.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10. Consider any relevant risks within the Board Assurance Framework and corporate level risk register as they relate to the remit of the Committee, as part of the reporting requirements, and to report any areas of significant concern to the Audit Committee.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>11. Undertake any other duties as delegated by the Trust Board.</td>
</tr>
<tr>
<td></td>
<td>TRUST MANAGEMENT EXECUTIVE (TME)</td>
<td>The Committee will:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1. Develop and agree objectives for submission to the Board of Directors, in the form of the annual business plan, to deliver the agreed strategy and agree detailed capital and revenue business plans to deliver the objectives.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Ensure, where appropriate, the alignment of the Trust’s strategy with the strategy of the University of Oxford and other key partners.</td>
</tr>
<tr>
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<td></td>
<td>3. Develop the Trust’s clinical service strategies, ensuring co-ordination and alignment across the clinical divisions.</td>
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<tr>
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<td></td>
<td>4. Closely monitor standards of care, quality and safety by ensuring appropriate actions are taken.</td>
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<td></td>
<td>5. Identify and mitigate risk by monitoring the corporate risk register and board assurance framework, agreeing resourced action.</td>
</tr>
<tr>
<td>Ref.</td>
<td>Committee</td>
<td>Decisions/Duties delegated by the Board of Directors to Committees</td>
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<tr>
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<td>plans and ensuring their delivery, and ensure compliance and appropriate escalation in accordance with the Trust’s risk management systems and processes.</td>
</tr>
<tr>
<td>6.</td>
<td></td>
<td>Develop, agree and monitor implementation of plans to improve the efficiency, effectiveness and quality of the Trust’s services.</td>
</tr>
<tr>
<td>7.</td>
<td></td>
<td>Monitor the delivery of the Trust’s service activity and financial objectives and agree actions, allocate responsibilities, and ensure delivery where necessary to deliver the Trust’s objectives or other obligations.</td>
</tr>
<tr>
<td>8.</td>
<td></td>
<td>Monitor and ensure the delivery of all specific actions agreed by the Board of Directors, by the Trust Management Executive and by committees of both.</td>
</tr>
<tr>
<td>9.</td>
<td></td>
<td>Monitor the delivery of the Trust’s enabling strategies, as advised by the Trust Management Executive’s sub-committees.</td>
</tr>
<tr>
<td>10.</td>
<td></td>
<td>Devise the trust’s annual and longer term capital programme and monitor its delivery.</td>
</tr>
<tr>
<td>11.</td>
<td></td>
<td>Agree all policies – other than those retained by the Board of Directors - to ensure the delivery of external and internal governance and best practice requirements and compliance.</td>
</tr>
<tr>
<td>12.</td>
<td></td>
<td>Approve major charitable funding bids prior to submission to the trustees.</td>
</tr>
<tr>
<td>13.</td>
<td></td>
<td>Approve the Terms of Reference for the sub-committees and groups of the Committee, delegate work as appropriate and hold the respective Chairs to account for compliance with their responsibilities.</td>
</tr>
</tbody>
</table>
# Scheme of Delegation Derived from the Accountable Officer Memorandum

<table>
<thead>
<tr>
<th>REF</th>
<th>DELEGATED TO</th>
<th>DUTIES DELEGATED</th>
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<tbody>
<tr>
<td>7</td>
<td>CHIEF EXECUTIVE (CE)</td>
<td>Accountable through NHS Accounting Officer to Parliament for stewardship of Trust resources</td>
</tr>
</tbody>
</table>
| 9   | CE AND CHIEF FINANCE OFFICER (DoF) | Ensure the accounts of the Trust are prepared under principles and in a format in accordance with directions given by NHS Improvement (Monitor). Accounts must disclose a true and fair view of the Trust's income and expenditure and its state of affairs. 
Sign the accounts on behalf of the Board of Directors. |
| 10  | CHIEF EXECUTIVE    | Sign a statement in the accounts outlining responsibilities as the Accountable Officer. 
Sign a statement in the accounts outlining responsibilities in respect of Internal Control.                                                                                                             |
| 12 & 13 | CHIEF EXECUTIVE | Ensure effective management systems that safeguard public funds and assist the Trust Chairman to implement requirements of corporate governance including ensuring managers:  
- “have a clear view of their objectives and the means to assess achievements in relation to those objectives  
- be assigned well defined responsibilities for making best use of resources  
- have the information, training and access to the expert advice they need to exercise their responsibilities effectively.” |
| 12  | CHAIRMAN           | Implement requirements of corporate governance.                                                                                                                                                                   |
| 13  | CHIEF EXECUTIVE    | Achieve value for money from the resources available to the Trust and avoid waste and extravagance in the organisation's activities. 
Follow through the implementation of any recommendations affecting good practice as set out on reports from such bodies as the National Audit Office (NAO). |
<p>| 15  | CHIEF FINANCE OFFICER | Operational responsibility for effective and sound financial management and information.                                                                                                                        |
| 15  | CHIEF EXECUTIVE    | Primary duty to see that the Chief Finance Officer discharges this function.                                                                                                                                     |
| 16  | CHIEF EXECUTIVE    | Ensuring that expenditure by the Trust complies with Parliamentary requirements.                                                                                                                                  |
| 18  | CE and Chief Finance Officer | Chief Executive, supported by Chief Finance Officer, to ensure appropriate advice is given to the Board on all matters of probity, regularity, prudent and economical administration, efficiency and effectiveness. |
| 19  | CHIEF EXECUTIVE    | If CE considers the Board of Directors or Chairman is doing something that might infringe probity or regularity, he/she should set this out in writing to the Chairman and the Board of Directors. If the matter is unresolved, he/she should ask the Audit Committee to inquire and if necessary NHS Improvement (Monitor). |</p>
<table>
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<tr>
<th>REF</th>
<th>DELEGATED TO</th>
<th>DUTIES DELEGATED</th>
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<tbody>
<tr>
<td>21</td>
<td>CHIEF EXECUTIVE</td>
<td>If the Board of Directors is contemplating a course of action that raises an issue not of formal propriety or regularity but affects the CE’s responsibility for value for money, the CE should draw the relevant factors to the attention of the Board of Directors. If the outcome is that he is overruled it is normally sufficient to ensure that his advice and the overruling of it are clearly apparent from the papers. Exceptionally, the CE should inform NHS Improvement (Monitor). In such cases, and in those described in paragraph 24, the CE should as a member of the Board of Directors vote against the course of action rather than merely abstain from voting.</td>
</tr>
</tbody>
</table>
## Scheme of Delegation Derived from the Codes of Conduct and Accountability

<table>
<thead>
<tr>
<th>REF</th>
<th>DELEGATED TO</th>
<th>AUTHORITIES/DUTIES DELEGATED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.3.1.7</td>
<td>BOARD OF DIRECTORS</td>
<td>Approve procedure for declaration of hospitality and sponsorship.</td>
</tr>
<tr>
<td>1.3.1.8</td>
<td>BOARD OF DIRECTORS</td>
<td>Ensure proper and widely publicised procedures for voicing complaints, concerns about misadministration, breaches of Code of Conduct, and other ethical concerns.</td>
</tr>
<tr>
<td>1.31.9 &amp; 1.3.2.2</td>
<td>ALL BOARD MEMBERS</td>
<td>Subscribe to Code of Conduct.</td>
</tr>
<tr>
<td>1.3.2.4</td>
<td>BOARD OF DIRECTORS</td>
<td>Board members share corporate responsibility for all decisions of the Board of Directors.</td>
</tr>
<tr>
<td>1.3.2.4</td>
<td>CHAIR AND NON-EXECUTIVE/OFFICER MEMBERS</td>
<td>Chair and non-officer members are responsible for monitoring the executive management of the organisation and are responsible to Monitor for the discharge of those responsibilities.</td>
</tr>
<tr>
<td>1.3.2.4</td>
<td>BOARD OF DIRECTORS</td>
<td>The Board of Directors has six key functions for which it is held accountable by the Monitor on behalf of the Secretary of State:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1. to ensure effective financial stewardship through value for money, financial control and financial planning and strategy;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. to ensure that high standards of corporate governance and personal behaviour are maintained in the conduct of the business of the whole organisation</td>
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<tr>
<td></td>
<td></td>
<td>3. to appoint, appraise and remunerate senior executives;</td>
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<tr>
<td></td>
<td></td>
<td>4. to ratify the strategic direction of the organisation within the overall policies and priorities of the Government and the NHS, define its annual and longer term objectives and agree plans to achieve them;</td>
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<td></td>
<td>5. to oversee the delivery of planned results by monitoring performance against objectives and ensuring corrective action is taken when necessary;</td>
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<tr>
<td></td>
<td></td>
<td>6. In conjunction with the Council of Governors, to ensure effective dialogue between the organisation and the local community on its plans and performance and that these are responsive to the community’s needs.</td>
</tr>
<tr>
<td>1.3.24</td>
<td>BOARD OF DIRECTORS</td>
<td>It is the Board’s duty to:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1. act within statutory financial and other constraints;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. be clear what decisions and information are appropriate to the Board of Directors and draw up Standing Orders, a schedule of decisions reserved to the Board of Directors and Standing Financial Instructions to reflect these,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. ensure that management arrangements are in place to enable responsibility to be clearly delegated to senior executives for the main programmes of action and for performance against programmes to be monitored and senior executives held to account;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. establish performance and quality measures that maintain the effective use of resources and provide value for money;</td>
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<tr>
<td>REF</td>
<td>DELEGATED TO</td>
<td>AUTHORITIES/DUTIES DELEGATED</td>
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<td>5. specify its requirements in organising and presenting financial and other information succinctly and efficiently to ensure the Board of Directors can fully undertake its responsibilities;</td>
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<tr>
<td></td>
<td></td>
<td>6. establish Audit and Remuneration Committees on the basis of formally agreed terms of reference that set out the membership of the sub-committee, the limit to their powers, and the arrangements for reporting back to the main Board of Directors.</td>
</tr>
<tr>
<td>1.3.2.5</td>
<td>CHAIRMAN</td>
<td>It is the Chairman's role to:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1. provide leadership to the Board of Directors and Council of Governors;</td>
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<tr>
<td></td>
<td></td>
<td>2. enable all Board of Directors members and Governors to make a full contribution to the Trust's affairs and ensure that the Board of Directors acts as a team;</td>
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<tr>
<td></td>
<td></td>
<td>3. ensure that key and appropriate issues are discussed by the Board of Directors in a timely manner,</td>
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<tr>
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<td></td>
<td>4. ensure the Board of Directors has adequate support and is provided efficiently with all the necessary data on which to base informed decisions;</td>
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<tr>
<td></td>
<td></td>
<td>5. lead Non-Executive Board members through a formally-appointed Remuneration Committee of the main Board of Directors on the appointment, appraisal and remuneration of the Chief Executive and (with the latter) other Executive Board members;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6. appoint Non-Executive Board members to an Audit Committee of the main Board of Directors;</td>
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<tr>
<td></td>
<td></td>
<td>7. advise the Council of Governors and NHS Improvement (Monitor) on the performance of Non-Executive Board members.</td>
</tr>
<tr>
<td>1.3.2.5</td>
<td>CHIEF EXECUTIVE</td>
<td>The Chief Executive is accountable to the Chairman and Non-Executive members of the Board of Directors for ensuring that its decisions are implemented, that the organisation works effectively, in accordance with Government policy and public service values and for the maintenance of proper financial stewardship.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The Chief Executive should be allowed full scope, within clearly defined delegated powers, for action in fulfilling the decisions of the Board of Directors.</td>
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<td></td>
<td></td>
<td>The other duties of the Chief Executive as Accountable Officer are laid out in the Accountable Officer Memorandum.</td>
</tr>
<tr>
<td>1.3.2.6</td>
<td>NON-EXECUTIVE</td>
<td>Non-Executive Directors are appointed by the Council of Governors at a general meeting of the Council of Governors to bring independent judgement to bear on issues of strategy, performance, key appointments and accountability.</td>
</tr>
<tr>
<td>1.3.2.8</td>
<td>CHAIR AND DIRECTORS</td>
<td>Declaration of conflict of interests.</td>
</tr>
<tr>
<td>1.3.2.9</td>
<td>BOARD OF DIRECTORS</td>
<td>NHS FT Boards must comply with guidance issued by NHS Improvement (Monitor) on behalf of the Secretary of State, respect agreements entered into by themselves or on their behalf and establish terms and conditions of service that are fair to the staff and represent good value for taxpayers' money.</td>
</tr>
</tbody>
</table>
## Scheme of Delegation from the Constitution (Annexes 5, 6 and 8 to the Constitution)

### ANNEX 5 REF

<table>
<thead>
<tr>
<th>REF</th>
<th>DELEGATED TO</th>
<th>AUTHORITIES/DUTIES DELEGATED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annex 5, Section 1</td>
<td>HEAD OF CORPORATE GOVERNANCE</td>
<td>Monitor the eligibility of governors to serve on the Council of Governors</td>
</tr>
</tbody>
</table>

### ANNEX 6 (SO) REF

<table>
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<tbody>
<tr>
<td>4.2.2</td>
<td>CHAIRMAN</td>
<td>Call meetings.</td>
</tr>
<tr>
<td>4.3</td>
<td>CHAIRMAN</td>
<td>Serve notice of a Council of Governors meeting on governors</td>
</tr>
<tr>
<td>4.6.2</td>
<td>CHAIRMAN</td>
<td>Chair all Council of Governors meetings and associated responsibilities.</td>
</tr>
<tr>
<td>4.7</td>
<td>CHAIRMAN</td>
<td>Determine motions to be debated at the Council of Governors</td>
</tr>
<tr>
<td>4.8</td>
<td>CHAIRMAN</td>
<td>Give final ruling in questions of order, relevancy and regularity of meetings.</td>
</tr>
<tr>
<td>4.8</td>
<td>CHAIRMAN</td>
<td>Final authority in interpretation of Standing Orders (SOs).</td>
</tr>
<tr>
<td>4.9.1</td>
<td>CHAIRMAN</td>
<td>Having a second or casting vote</td>
</tr>
<tr>
<td>4.10</td>
<td>HEAD OF CORPORATE GOVERNANCE</td>
<td>Draw up the minutes of a Council of Governors meeting</td>
</tr>
<tr>
<td>4.12</td>
<td>COUNCIL OF GOVERNORS</td>
<td>Suspension of Standing Orders</td>
</tr>
<tr>
<td>4.13</td>
<td>COUNCIL OF GOVERNORS</td>
<td>Variation and Amendment of Standing Orders</td>
</tr>
<tr>
<td>5.1</td>
<td>COUNCIL OF GOVERNORS</td>
<td>Formal delegation of powers to sub committees or joint committees and approval of their constitution and terms of reference.</td>
</tr>
</tbody>
</table>

### ANNEX 6 (SO) REF

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>6.1</td>
<td>EACH GOVERNOR</td>
<td>Declare relevant and material interests.</td>
</tr>
<tr>
<td>6.1.3</td>
<td>CHAIRMAN</td>
<td>Determine whether a governor has a material conflict of interest</td>
</tr>
<tr>
<td>6.4</td>
<td>HEAD OF CORPORATE GOVERNANCE</td>
<td>Maintain Register(s) of Interests.</td>
</tr>
<tr>
<td>7</td>
<td>EACH GOVERNOR</td>
<td>Comply with the trust’s Code of Conduct and any guidance and directions issued by NHS Improvement (Monitor), in particular the NHS Foundation Trust Code of Governance.</td>
</tr>
<tr>
<td>8.4</td>
<td>EACH GOVERNOR</td>
<td>Disclose relationship between self and candidate for staff appointment. (CE to report the disclosure to the Board of Directors.)</td>
</tr>
<tr>
<td>11.1</td>
<td>HEAD OF CORPORATE GOVERNANCE</td>
<td>Shall provide a copy of these Standing Orders to each governor and endeavour to ensure that each governor understand their responsibilities within Standing Orders.</td>
</tr>
<tr>
<td>11.3</td>
<td>ALL</td>
<td>Disclosure of non-compliance with Standing Orders to the Chairman as soon as possible.</td>
</tr>
<tr>
<td>13.1</td>
<td>COUNCIL OF GOVERNORS</td>
<td>Nominate one of its governors as the nominated lead governor</td>
</tr>
<tr>
<td>13.2</td>
<td>NOMINATED LEAD GOVERNOR</td>
<td>Provide his contact details to NHS Improvement (Monitor) and update these as appropriate.</td>
</tr>
</tbody>
</table>

**ANNEX 8 REF**

<table>
<thead>
<tr>
<th>DELEGATED TO</th>
<th>AUTHORITIES/DUTIES DELEGATED</th>
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<tbody>
<tr>
<td>Section 2</td>
<td>HEAD OF CORPORATE GOVERNANCE</td>
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## Scheme of Delegation from Standing Orders for Board of Directors (Annex 7 to the Constitution)

<table>
<thead>
<tr>
<th>SO REF</th>
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</tr>
</thead>
<tbody>
<tr>
<td>4.2.1</td>
<td>CHAIRMAN</td>
<td>Call meetings.</td>
</tr>
<tr>
<td>8.4</td>
<td>CHAIRMAN</td>
<td>Having a second or casting vote</td>
</tr>
<tr>
<td>11</td>
<td>CHAIRMAN</td>
<td>Chair all Council of Governors meetings and Board of Directors meetings and associated responsibilities.</td>
</tr>
<tr>
<td>12.1</td>
<td>COUNCIL OF GOVERNORS</td>
<td>Appointment of Deputy Chairman</td>
</tr>
<tr>
<td>12.1</td>
<td>BOARD OF DIRECTORS</td>
<td>Appointment of Senior Independent Director</td>
</tr>
<tr>
<td>17</td>
<td>CHAIRMAN</td>
<td>Give final ruling in questions of order, relevancy and regularity of meetings.</td>
</tr>
<tr>
<td>17</td>
<td>CHAIRMAN</td>
<td>Final authority in interpretation of Standing Orders (SOs).</td>
</tr>
<tr>
<td>18.2</td>
<td>CHAIRMAN &amp; CHIEF EXECUTIVE</td>
<td>The powers which the Board has retained to itself within these Standing Orders may in emergency be exercised by the Chair and Chief Executive after having consulted at least two Non-Executive members.</td>
</tr>
<tr>
<td>18.4</td>
<td>CHIEF EXECUTIVE</td>
<td>The Chief Executive shall prepare a Scheme of Delegation identifying his/her proposals that shall be considered and approved by the Board of Directors, subject to any amendment agreed during the discussion.</td>
</tr>
<tr>
<td>18.7</td>
<td>ALL</td>
<td>Disclosure of non-compliance with Standing Orders to the Chief Executive as soon as possible.</td>
</tr>
<tr>
<td>19.1</td>
<td>BOARD OF DIRECTORS</td>
<td>Formal delegation of powers to sub committees or joint committees and approval of their constitution and terms of reference. (Constitution and terms of reference of sub committees may be approved by the Chief Executive.)</td>
</tr>
<tr>
<td>20</td>
<td>BOARD OF DIRECTORS</td>
<td>Declare relevant and material interests.</td>
</tr>
<tr>
<td>20</td>
<td>CHIEF EXECUTIVE</td>
<td>Maintain Register(s) of Interests.</td>
</tr>
<tr>
<td>20</td>
<td>ALL</td>
<td>Comply with national guidance contained in HSG 1993/5 “Standards of Business Conduct for NHS Staff”.</td>
</tr>
<tr>
<td>20</td>
<td>ALL</td>
<td>Disclose relationship between self and candidate for staff appointment. (CE to report the disclosure to the Board of Directors.)</td>
</tr>
<tr>
<td>21/23</td>
<td>CHIEF EXECUTIVE</td>
<td>Keep seal in safe place and maintain a register of sealing.</td>
</tr>
<tr>
<td>24</td>
<td>CHIEF EXECUTIVE/EXECUTIVE DIRECTOR</td>
<td>Approve and sign all documents which will be necessary in legal proceedings.</td>
</tr>
<tr>
<td>25</td>
<td>BOARD OF DIRECTORS</td>
<td>Suspension of Standing Orders</td>
</tr>
<tr>
<td>25</td>
<td>AUDIT COMMITTEE</td>
<td>Audit Committee to review every decision to suspend Standing Orders (power to suspend Standing Orders is reserved to the Board) and record each in an annual report.</td>
</tr>
<tr>
<td>28</td>
<td>CHIEF EXECUTIVE</td>
<td>Ensure that existing members of the Board of Directors and officers and all new appointees are notified of and understand their responsibilities within Standing Orders and Standing Financial Instructions. Updated copies to be issued to staff designated by the Chief Executive,</td>
</tr>
</tbody>
</table>

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## Scheme of Delegation from Standing Financial Instructions

<table>
<thead>
<tr>
<th>SFI REF</th>
<th>DELEGATED TO</th>
<th>AUTHORITIES/DUTIES DELEGATED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1.3</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Approval of all financial procedures.</td>
</tr>
<tr>
<td>1.1.4</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Advice on interpretation or application of SFIs.</td>
</tr>
<tr>
<td>1.1.6</td>
<td>ALL MEMBERS OF THE BOARD AND EMPLOYEES</td>
<td>Have a duty to disclose any non-compliance with these Standing Financial Instructions to the Director of Finance and Procurement as soon as possible.</td>
</tr>
<tr>
<td>1.2.3</td>
<td>CHIEF EXECUTIVE</td>
<td>Responsible as the Accountable Officer to ensure financial targets and obligations are met and have overall responsibility for the system of Internal Control.</td>
</tr>
<tr>
<td>1.2.3</td>
<td>CHIEF EXECUTIVE &amp; CHIEF FINANCE OFFICER</td>
<td>Accountable for financial control but will, as far as possible, delegate their detailed responsibilities.</td>
</tr>
<tr>
<td>1.2.4</td>
<td>CHIEF EXECUTIVE</td>
<td>To ensure all Board members, officers and employees, present and future, are notified of and understand Standing Financial Instructions.</td>
</tr>
<tr>
<td>1.2.5</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Responsible for: a) Implementing the Trust's financial policies and coordinating corrective action; b) Maintaining an effective system of financial control including ensuring detailed financial procedures and systems are prepared and documented; c) Ensuring that sufficient records are maintained to explain Trust’s transactions and financial position; d) Providing financial advice to the Board of Directors and staff; e) Maintaining such accounts, certificates etc. as are required for the Trust to carry out its statutory duties.</td>
</tr>
<tr>
<td>1.2.6</td>
<td>COUNCIL OF GOVERNORS</td>
<td>All members of the Council of Governors are responsible for: a) holding the non-executive directors individually and collectively to account for the performance of the Board of Directors, and b) representing the interests of the members of the trust as a whole and the interests of the public.</td>
</tr>
<tr>
<td>1.2.7</td>
<td>ALL MEMBERS OF THE BOARD AND EMPLOYEES</td>
<td>Responsible for security of the Trust's property, avoiding loss, exercising economy and efficiency in using resources and conforming to Standing Orders, Financial Instructions and financial procedures.</td>
</tr>
<tr>
<td>1.2.8</td>
<td>CHIEF EXECUTIVE</td>
<td>Ensure that any contractor or employees of a contractor who is empowered by the Trust to commit the Trust to expenditure or who is authorised to obtain income are made aware of these instructions and their requirement to comply.</td>
</tr>
<tr>
<td>2.1.1</td>
<td>AUDIT COMMITTEE</td>
<td>Provide independent and objective view on internal control and probity.</td>
</tr>
<tr>
<td>2.1.2</td>
<td>CHAIR</td>
<td>Raise the matter at the Board of Directors meeting where Audit Committee considers there is evidence of ultra vires transactions or improper acts.</td>
</tr>
<tr>
<td>SFI REF</td>
<td>DELEGATED TO</td>
<td>AUTHORITIES/DUTIES DELEGATED</td>
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</tr>
<tr>
<td>2.1.3 &amp; 2.2.1</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Ensure an adequate internal audit service, for which he/she is accountable, is provided (and involve the Audit Committee in the selection process when/if an internal audit service provider is changed.)</td>
</tr>
<tr>
<td>2.2.1</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Decide at what stage to involve police in cases of misappropriation and other irregularities not involving fraud or corruption.</td>
</tr>
<tr>
<td>2.3</td>
<td>HEAD OF INTERNAL AUDIT</td>
<td>Review, appraise and report in accordance with NHS Internal Audit Manual and best practice.</td>
</tr>
<tr>
<td>2.4</td>
<td>AUDIT COMMITTEE</td>
<td>Ensure cost-effective External Audit.</td>
</tr>
<tr>
<td>2.5</td>
<td>CHIEF EXECUTIVE &amp; CHIEF FINANCE OFFICER</td>
<td>Monitor and ensure compliance with NHS Protect’s ‘Standards for Providers’ on fraud and corruption including the appointment of the Local Counter Fraud Specialist.</td>
</tr>
<tr>
<td>2.6</td>
<td>CHIEF EXECUTIVE</td>
<td>Monitor and ensure compliance with Directions issued by NHS Improvement (Monitor) / the Secretary of State for Health on NHS security management including appointment of the Local Security Management Specialist.</td>
</tr>
<tr>
<td>3.1.1</td>
<td>CHIEF EXECUTIVE</td>
<td>Compile and submit to the Board of Directors an Integrated Business Plan which takes into account financial targets and forecast limits of available resources. The Integrated Business Plan will contain:</td>
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<td>• a statement of the significant assumptions on which the plan is based;</td>
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<td></td>
<td></td>
<td>• details of major changes in workload, delivery of services or resources required to achieve the plan.</td>
</tr>
<tr>
<td>3.1.1</td>
<td>CHIEF EXECUTIVE</td>
<td>Identify and implement cost improvements and income generation activities in line with the Integrated Business Plan.</td>
</tr>
<tr>
<td>3.1.2 &amp; 3.2.1</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Submit budgets to the Board of Directors for approval. Monitor performance against budget; submit to the Board of Directors financial estimates and forecasts.</td>
</tr>
<tr>
<td>3.2.1</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Ensure adequate training is delivered on an on-going basis to budget Managers.</td>
</tr>
<tr>
<td>3.2.1</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Devise and maintain systems of budgetary control.</td>
</tr>
<tr>
<td>3.3.1</td>
<td>BUDGET MANAGERS</td>
<td>Ensure that</td>
</tr>
<tr>
<td></td>
<td></td>
<td>a) no overspend or reduction of income that cannot be met from virement is incurred without prior consent of the Board of Directors;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b) approved budget is not used for any other than specified purpose subject to rules of virement;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>c) no permanent employees are appointed without the approval of the CE other than those provided for within available resources and manpower establishment.</td>
</tr>
<tr>
<td>3.3.1</td>
<td>CHIEF EXECUTIVE</td>
<td>Delegate budget to budget Managers.</td>
</tr>
<tr>
<td>3.3.2</td>
<td>CHIEF EXECUTIVE &amp; BUDGET MANAGERS</td>
<td>Must not exceed the budgetary total or virement limits set by the Board of Directors.</td>
</tr>
<tr>
<td>3.3.4</td>
<td>CHIEF EXECUTIVE &amp; CHIEF FINANCE OFFICER</td>
<td>Expenditure for which no budgetary provision has been made and which cannot be covered by delegated powers of transfer must not be incurred without the express permission of the Board of Directors. This power is delegated to the Chief Executive and/or CHIEF FINANCE OFFICER.</td>
</tr>
<tr>
<td>3.5.1</td>
<td>CHIEF EXECUTIVE</td>
<td>Submit monitoring returns</td>
</tr>
<tr>
<td>SFI REF</td>
<td>DELEGATED TO</td>
<td>AUTHORITIES/DUTIES DELEGATED</td>
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</tr>
<tr>
<td>4.1</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Preparation of annual accounts and reports.</td>
</tr>
<tr>
<td>5.1</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Managing banking arrangements, including provision of banking services, operation of accounts, preparation of instructions and list of cheque signatories.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Board of Directors approves arrangements.)</td>
</tr>
<tr>
<td>6.</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Income systems, including system design, prompt banking, review and approval of fees and charges, debt recovery arrangements, design and control of receipts, provision of adequate facilities and systems for employees whose duties include collecting or holding cash.</td>
</tr>
<tr>
<td>6.2.3</td>
<td>ALL EMPLOYEES</td>
<td>Duty to inform CHIEF FINANCE OFFICER of money due from transactions which they initiate/deal with.</td>
</tr>
<tr>
<td>7.</td>
<td>CHIEF EXECUTIVE</td>
<td>Tendering and contract procedure.</td>
</tr>
<tr>
<td>7.5.3</td>
<td>CHIEF EXECUTIVE</td>
<td>Waive formal tendering procedures.</td>
</tr>
<tr>
<td>7.5.3</td>
<td>CHIEF EXECUTIVE</td>
<td>Report waivers of tendering procedures to the Board of Directors.</td>
</tr>
<tr>
<td>7.6.2</td>
<td>CHIEF EXECUTIVE</td>
<td>Responsible for the receipt, endorsement and safe custody of tenders received.</td>
</tr>
<tr>
<td>7.6.3</td>
<td>CHIEF EXECUTIVE</td>
<td>Shall maintain a register to show each set of competitive tender invitations despatched.</td>
</tr>
<tr>
<td>7.6.5</td>
<td>CHIEF EXECUTIVE &amp; CHIEF FINANCE OFFICER</td>
<td>Where one tender is received will assess for value for money and fair price.</td>
</tr>
<tr>
<td>7.6.7</td>
<td>CHIEF EXECUTIVE</td>
<td>No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the Board of Directors and which is not in accordance with these Instructions except with the authorisation of the Chief Executive.</td>
</tr>
<tr>
<td>7.6.9</td>
<td>CHIEF EXECUTIVE</td>
<td>Will appoint a manager to maintain a list of approved firms.</td>
</tr>
<tr>
<td>7.6.10</td>
<td>CHIEF EXECUTIVE</td>
<td>Shall ensure that appropriate checks are carried out as to the technical and financial capability of those firms that are invited to tender or quote.</td>
</tr>
<tr>
<td>7.7.2</td>
<td>CHIEF EXECUTIVE</td>
<td>The Chief Executive or his nominated officer should evaluate the quotation and select the quote which gives the best value for money.</td>
</tr>
<tr>
<td>7.7.4</td>
<td>CHIEF EXECUTIVE &amp; CHIEF FINANCE OFFICER</td>
<td>No quotation shall be accepted which will commit expenditure in excess of that which has been allocated by the Board of Directors and which is not in accordance with these Instructions except with the authorisation of the Chief Executive.</td>
</tr>
<tr>
<td>7.11</td>
<td>CHIEF EXECUTIVE</td>
<td>The Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.</td>
</tr>
<tr>
<td>7.11</td>
<td>BOARD OF DIRECTORS</td>
<td>All PFI proposals must be agreed by the Board of Directors.</td>
</tr>
<tr>
<td>7.12</td>
<td>CHIEF EXECUTIVE</td>
<td>The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Trust.</td>
</tr>
<tr>
<td>7.13</td>
<td>CHIEF EXECUTIVE</td>
<td>The Chief Executive shall nominate officers with delegated authority to enter into contracts of employment, regarding staff, agency staff or temporary staff service contracts.</td>
</tr>
<tr>
<td>SFI REF</td>
<td>DELEGATED TO</td>
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</tr>
<tr>
<td>7.16</td>
<td>CHIEF EXECUTIVE</td>
<td>The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis.</td>
</tr>
<tr>
<td>7.16.5</td>
<td>CHIEF EXECUTIVE</td>
<td>The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the Trust.</td>
</tr>
<tr>
<td>8.1.1</td>
<td>CHIEF EXECUTIVE</td>
<td>Must ensure the Trust enters into suitable contracts with service commissioners for the provision of NHS services.</td>
</tr>
<tr>
<td>8.3</td>
<td>CHIEF EXECUTIVE</td>
<td>As the Accountable Officer, ensure that regular reports are provided to the Board detailing actual and forecast income from the contracts.</td>
</tr>
<tr>
<td>10.1.1</td>
<td>BOARD OF DIRECTORS</td>
<td>Establish a Remuneration &amp; Appointments Committee.</td>
</tr>
<tr>
<td>10.1.2</td>
<td>REMUNERATION AND APPOINTMENTS COMMITTEE</td>
<td>Advise the Board of Directors on and make recommendations on the remuneration and terms of service of the CE, other officer members and senior employees to ensure they are fairly rewarded having proper regard to the Trust’s circumstances and any national agreements; Monitor and evaluate the performance of individual senior employees; Advise on and oversee appropriate contractual arrangements for such staff, including proper calculation and scrutiny of termination payments.</td>
</tr>
<tr>
<td>10.1.3</td>
<td>REMUNERATION AND APPOINTMENTS COMMITTEE</td>
<td>Report in writing to the Board of Directors its advice and its bases about remuneration and terms of service of directors and senior employees.</td>
</tr>
<tr>
<td>10.1.4</td>
<td>BOARD OF DIRECTORS</td>
<td>Approve proposals presented by the Chief Executive for setting of remuneration and conditions of service for those employees and officers not covered by the Remuneration &amp; Appointments Committee.</td>
</tr>
<tr>
<td>10.2.2</td>
<td>CHIEF EXECUTIVE</td>
<td>Approval of variation to funded establishment of any department.</td>
</tr>
<tr>
<td>10.3</td>
<td>CHIEF EXECUTIVE</td>
<td>Staff, including agency staff, appointments and re-grading.</td>
</tr>
<tr>
<td>10.4.1 and 10.4.2</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Payroll: a) specifying timetables for submission of properly authorised time records and other notifications; b) final determination of pay and allowances; c) making payments on agreed dates; d) agreeing method of payment; e) issuing instructions.</td>
</tr>
<tr>
<td>10.4.3</td>
<td>DIRECTOR OF ORGANISATIONAL DEVELOPMENT AND WORKFORCE</td>
<td>Submit time records in line with timetable. Complete time records and other notifications in required form. Submitting termination forms in prescribed form and on time.</td>
</tr>
<tr>
<td>10.4.4</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Ensure that the chosen method for payroll processing 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.</td>
</tr>
<tr>
<td>SFI REF</td>
<td>DELEGATED TO</td>
<td>AUTHORITIES/DUTIES DELEGATED</td>
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</tr>
<tr>
<td>10.5</td>
<td>DIRECTOR OF ORGANISATIONAL DEVELOPMENT AND WORKFORCE</td>
<td>Ensure that all employees are issued with a Contract of Employment in a form approved by the Board of Directors and which complies with employment legislation; and Deal with variations to, or termination of, contracts of employment.</td>
</tr>
<tr>
<td>11.1</td>
<td>BUDGET MANAGER</td>
<td>Determine, and set out, level of delegation of non-pay expenditure to budget managers, including a list of managers authorised to place requisitions, the maximum level of each requisition and the system for authorisation above that level.</td>
</tr>
<tr>
<td>11.1.3</td>
<td>CHIEF EXECUTIVE</td>
<td>Set out procedures on the seeking of professional advice regarding the supply of goods and services.</td>
</tr>
<tr>
<td>11.2.1</td>
<td>CHIEF EXECUTIVE</td>
<td>In choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the Trust. In so doing, the advice of the Trust's adviser on supply shall be sought.</td>
</tr>
<tr>
<td>11.2.2</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Shall be responsible for the prompt payment of accounts and claims.</td>
</tr>
<tr>
<td>11.2.3</td>
<td>CHIEF FINANCE OFFICER</td>
<td>a) Advise the Board of Directors regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in standing orders and regularly reviewed; b) Prepare procedural instructions [where not already provided in the Scheme of Delegation or procedure notes for budget Managers] 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; e) A timetable and system for submission to the CHIEF FINANCE OFFICER of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment; f) Instructions to employees regarding the handling and payment of accounts within the Finance Department; g) Be responsible for ensuring that payment for goods and services is only made once the goods and services are received</td>
</tr>
<tr>
<td>11.2.4</td>
<td>APPROPRIATE EXECUTIVE DIRECTOR</td>
<td>Make a written case to support the need for a prepayment.</td>
</tr>
<tr>
<td>11.2.4</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Approve proposed prepayment arrangements.</td>
</tr>
<tr>
<td>11.2.4</td>
<td>BUDGET MANAGER</td>
<td>Ensure that all items due under a prepayment contract are received (and immediately inform Chief Finance Officer if problems are encountered).</td>
</tr>
<tr>
<td>11.2.5</td>
<td>CHIEF EXECUTIVE</td>
<td>Authorise who may use and be issued with official orders.</td>
</tr>
<tr>
<td>11.2.6</td>
<td>ALL MEMBERS OF THE BOARD OF DIRECTORS AND EMPLOYEES</td>
<td>Ensure that they comply fully with the guidance and limits specified by the Chief Finance Officer</td>
</tr>
<tr>
<td>SFI REF</td>
<td>DELEGATED TO</td>
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</tr>
<tr>
<td>11.2.7</td>
<td>CHIEF EXECUTIVE &amp; CHIEF FINANCE OFFICER</td>
<td>Ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within CONCODE and Health Building Note 00-08 Part A &amp; B (formally ESTATECODE). The technical audit of these contracts shall be the responsibility of the relevant Director.</td>
</tr>
<tr>
<td>12.1.1</td>
<td>CHIEF FINANCE OFFICER</td>
<td>The CHIEF FINANCE OFFICER will advise the Board of Directors on the Trust's ability to pay dividend on PBC and report, periodically, concerning the PDC debt and all loans and overdrafts.</td>
</tr>
<tr>
<td>12.1.2</td>
<td>BOARD OF DIRECTORS</td>
<td>Approve a list of employees authorised to make short term borrowings on behalf of the Trust. (This must include the CE and CHIEF FINANCE OFFICER.)</td>
</tr>
<tr>
<td>12.1.3</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Prepare detailed procedural instructions concerning applications for loans and overdrafts.</td>
</tr>
<tr>
<td>12.1.4</td>
<td>CHIEF EXECUTIVE &amp; CHIEF FINANCE OFFICER</td>
<td>Be on an authorising panel comprising one other member for short term borrowing approval.</td>
</tr>
<tr>
<td>12.2.2</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Will advise the Board of Directors on investments and report, periodically, on performance of same.</td>
</tr>
<tr>
<td>12.2.3</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Prepare detailed procedural instructions on the operation of investments held.</td>
</tr>
</tbody>
</table>
| 13.1.1 & 2 | CHIEF EXECUTIVE | Capital investment programme:  
   a) ensure that there is adequate appraisal and approval process for determining capital expenditure priorities and the effect that each has on plans  
   b) responsible for the management of capital schemes and for ensuring that they are delivered on time and within cost;  
   c) ensure that capital investment is not undertaken without availability of resources to finance all revenue consequences;  
   d) ensure that a business case is produced for each proposal. |
| 13.1.2  | CHIEF FINANCE OFFICER | Certify professionally the costs and revenue consequences detailed in the business case for capital investment. |
| 13.1.3  | CHIEF EXECUTIVE | Issue procedures for management of contracts involving stage payments. |
| 13.1.4  | CHIEF FINANCE OFFICER | Assess the requirement for the operation of the construction industry taxation deduction scheme. |
| 13.1.5  | CHIEF FINANCE OFFICER | Issue procedures for the regular reporting of expenditure and commitment against authorised capital expenditure. |
| 13.1.6  | CHIEF EXECUTIVE | Issue manager responsible for any capital scheme with authority to commit expenditure, authority to proceed to tender and approval to accept a successful tender.  
   Issue a scheme of delegation for capital investment management. |
<p>| 13.1.7  | CHIEF FINANCE OFFICER | Issue procedures governing financial management, including variation to contract, of capital investment projects and valuation for accounting purposes. |
| 13.2.1  | CHIEF FINANCE OFFICER | Demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector. |</p>
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<thead>
<tr>
<th>SFI REF</th>
<th>DELEGATED TO</th>
<th>AUTHORITIES/DUTIES DELEGATED</th>
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<tbody>
<tr>
<td>13.2.1</td>
<td>BOARD OF DIRECTORS</td>
<td>Proposal to use PFI must be specifically agreed by the Board of Directors.</td>
</tr>
<tr>
<td>13.3.1</td>
<td>CHIEF EXECUTIVE</td>
<td>Maintenance of asset registers (on advice from CHIEF FINANCE OFFICER).</td>
</tr>
<tr>
<td>13.3.5</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.</td>
</tr>
<tr>
<td>13.4.1</td>
<td>CHIEF EXECUTIVE</td>
<td>Overall responsibility for fixed assets.</td>
</tr>
<tr>
<td>13.4.2</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Approval of fixed asset control procedures.</td>
</tr>
<tr>
<td>13.4.4</td>
<td>BOARD, EXECUTIVE MEMBERS AND ALL SENIOR STAFF</td>
<td>Responsibility for security of Trust assets including notifying discrepancies to CHIEF FINANCE OFFICER, and reporting losses in accordance with Trust procedure.</td>
</tr>
<tr>
<td>14.2</td>
<td>CHIEF EXECUTIVE</td>
<td>Delegate overall responsibility for control of stores (subject to Chief Finance Officer responsibility for systems of control). Further delegation for day-to-day responsibility subject to such delegation being recorded. (Good practice to append to the scheme of delegation document.)</td>
</tr>
<tr>
<td>14.2</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Responsible for systems of control over stores and receipt of goods.</td>
</tr>
<tr>
<td>14.2</td>
<td>DESIGNATED PHARMACEUTICAL OFFICER</td>
<td>Responsible for controls of pharmaceutical stocks</td>
</tr>
<tr>
<td>14.2</td>
<td>DIRECTOR OF CLINICAL SERVICES</td>
<td>Responsible for control of stocks of fuel oil and coal.</td>
</tr>
<tr>
<td>14.2</td>
<td>DIRECTOR OF CLINICAL SERVICES</td>
<td>Security arrangements and custody of keys</td>
</tr>
<tr>
<td>14.2</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Set out procedures and systems to regulate the stores.</td>
</tr>
<tr>
<td>14.2</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Agree stocktaking arrangements.</td>
</tr>
<tr>
<td>14.2</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Approve alternative arrangements where a complete system of stores control is not justified.</td>
</tr>
<tr>
<td>14.2</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Approve system for review of slow moving and obsolete items and for condemnation, disposal and replacement of all unserviceable items.</td>
</tr>
<tr>
<td>14.2</td>
<td>DIRECTOR OF PROCUREMENT</td>
<td>Operate system for slow moving and obsolete stock, and report to CHIEF FINANCE OFFICER evidence of significant overstocking.</td>
</tr>
<tr>
<td>14.3.1</td>
<td>CHIEF EXECUTIVE</td>
<td>Identify persons authorised to requisition and accept goods from stores.</td>
</tr>
<tr>
<td>15.1.1</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Prepare detailed procedures for disposal of assets including condemnations and ensure that these are notified to managers.</td>
</tr>
<tr>
<td>15.2.1</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Prepare procedures for recording and accounting for losses, special payments and informing police in cases of suspected arson or theft.</td>
</tr>
<tr>
<td>15.2.2</td>
<td>ALL STAFF</td>
<td>Discovery or suspicion of loss of any kind must be reported immediately to either head of department or nominated officer. The head of department / nominated officer should then inform the CE and Chief Finance Officer</td>
</tr>
<tr>
<td>SFI REF</td>
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<td>AUTHORITIES/DUTIES DELEGATED</td>
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</tr>
<tr>
<td>15.2.2</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Where a criminal offence is suspected, CHIEF FINANCE OFFICER must inform the police if theft or arson is involved. In cases of fraud and corruption CHIEF FINANCE OFFICER must inform the relevant LCFS and NHS Protect in line with NHS Protect guidance.</td>
</tr>
<tr>
<td>15.2.2</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Notify NHS Protect and External Audit of all frauds.</td>
</tr>
<tr>
<td>15.2.3</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Notify Board of Directors and External Auditor of losses caused theft, arson, neglect of duty or gross carelessness (unless trivial).</td>
</tr>
<tr>
<td>15.2.4</td>
<td>BOARD OF DIRECTORS</td>
<td>Approve write off of losses (within limits delegated by NHSI / DH).</td>
</tr>
<tr>
<td>15.2.6</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Consider whether any insurance claim can be made.</td>
</tr>
<tr>
<td>15.2.7</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Maintain losses and special payments register.</td>
</tr>
<tr>
<td>16.1</td>
<td>CHIEF FINANCE OFFICER</td>
<td>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 assurance of adequacy must be obtained from them prior to implementation.</td>
</tr>
<tr>
<td>16.1.3</td>
<td>DIRECTOR OF PLANNING AND INFORMATION</td>
<td>Shall publish and maintain a Freedom of Information Scheme.</td>
</tr>
<tr>
<td>16.2.1</td>
<td>RELEVANT OFFICERS</td>
<td>Send proposals for general computer systems to CHIEF FINANCE OFFICER</td>
</tr>
<tr>
<td>16.3</td>
<td>CHIEF FINANCE OFFICER</td>
<td>Ensure that contracts with other bodies for the provision of computer services for financial applications clearly define responsibility of all parties for security, privacy, accuracy, completeness and timeliness of data during processing, transmission and storage, and allow for audit review. Seek periodic assurances from the provider that adequate controls are in operation.</td>
</tr>
<tr>
<td>16.4</td>
<td>DIRECTOR OF PLANNING AND INFORMATION</td>
<td>Ensure that risks to the Trust from use of IT are identified and considered and that disaster recovery plans are in place.</td>
</tr>
</tbody>
</table>
| 16.5   | DIRECTOR OF PLANNING AND INFORMATION | Where computer systems have an impact on corporate financial systems satisfy himself that:  
  a) systems acquisition, development and maintenance are in line with corporate policies;  
  b) data assembled for processing by financial systems is adequate, accurate, complete and timely, and that a management rail exists;  
  c) CHIEF FINANCE OFFICER and staff have access to such data;  
  d) Such computer audit reviews are being carried out as are considered necessary.                                      |
<p>| 17.2   | CHIEF EXECUTIVE              | Responsible for ensuring patients and guardians are informed about patients’ money and property procedures on admission.                                                                                              |
| 17.3   | CHIEF FINANCE OFFICER        | 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. |</p>
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<thead>
<tr>
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<tbody>
<tr>
<td>17.6</td>
<td>DEPARTMENTAL MANAGERS</td>
<td>Inform staff of their responsibilities and duties for the administration of the property of patients.</td>
</tr>
</tbody>
</table>
| 18.1   | CHIEF FINANCE OFFICER        | Shall ensure that each trust fund which the Special Trustees are responsible for managing is managed appropriately. This includes:  
- Administration of all existing charitable funds  
- To identify any new charity that may be created (of which the Special Trustees are trustee) and to deal with any legal steps that may be required to formalise the trusts of any such charity  
- Provide guidelines with respect to donations, legacies and bequests, fundraising and trading income  
- Responsibility for the management of investment of funds held on trust  
- Ensure appropriate banking services are available to the Special Trustees  
- Prepare reports to the Special Trustees including the annual accounts. |
| 19     | CHIEF FINANCE OFFICER        | Ensure all staff are made aware of the Trust policy on the acceptance of gifts and other benefits in kind by staff.                                                                                                                                                                                                                                               |
| 20.1   | ALL STAFF                    | All research and development activities within the Trust shall be notified to the Medical Director.                                                                                                                                                                                                                                                                                                                   |
| 20.3   | CHIEF FINANCE OFFICER        | Ensure procedures are put in place to ensure that all such activities are properly accounted for and that all funding is utilized appropriately.                                                                                                                                                                                                                                                                       |
| 21     | CHIEF EXECUTIVE              | Retention of document procedures in accordance with HSC 1999/053.                                                                                                                                                                                                                                                                                                                                               |
| 22.1   | CHIEF EXECUTIVE              | Risk management programme.                                                                                                                                                                                                                                                                                                                                                                                       |
| 22.2   | BOARD OF DIRECTORS           | Approve and monitor risk management programme.                                                                                                                                                                                                                                                                                                                                                                     |
| 22.4   | BOARD OF DIRECTORS           | Decide whether the Trust will use the risk pooling schemes administered by the NHS Litigation Authority or self-insure for some or all of the risks (where discretion is allowed). Decisions to self-insure should be reviewed annually.                                                                                                                                                                                                                           |
| 22.4   | CHIEF FINANCE OFFICER        | Where the Board decides to use the risk pooling schemes administered by the NHS Litigation Authority CHIEF FINANCE OFFICER shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The CHIEF FINANCE OFFICER SHALL ensure that documented procedures cover these arrangements.  
Where the Board of Directors decides not to use the risk pooling schemes administered by the NHS Litigation Authority for any one or other of the risks covered by the schemes, CHIEF FINANCE OFFICER shall ensure that the Board of Directors is informed of the nature and extent of the risks that are self-insured as a result of this decision. The CHIEF FINANCE OFFICER will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses that will not be reimbursed. |
| 22.4   | CHIEF FINANCE OFFICER        | Ensure documented procedures cover management of claims and payments below the deductible.                                                                                                                                                                                                                                                                                                                          |
Section C - Standing Financial Instructions

1. Introduction

1.1. General

1.1.1. These Standing Financial Instructions (SFIs) are issued in accordance with the Trust’s Standing Orders (SOs) of the Board of Directors (Annex 7 to the Constitution). They shall have effect as if incorporated in the Standing Orders of the Trust.

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

1.1.3. These Standing Financial Instructions identify the financial responsibilities which apply to everyone working for the Trust and its constituent organisations including Trading Units. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Chief Finance Officer.

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

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

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

1.1.7. Outsourced Services – Where any operation is carried out on the Trust’s behalf by NHS Shared Business Services or any other Board approved outsourced service provider, detailed procedures will be the responsibility of such a provider.

1.2. Responsibilities and Delegation

1.2.1 The Board of Directors

The Board of Directors exercises financial supervision and control by:

a. formulating the financial strategy;
b. requiring the submission and approval of budgets within approved allocations/overall income;

c. defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money);

d. defining specific responsibilities placed on members of the Board of Directors and employees as indicated in the Scheme of Delegation.

1.2.2. The Board of Directors has resolved that certain powers and decisions may only be exercised by them in formal session. These are set out in the ('Reservation of Matters Reserved to the Board') section above. All other powers have been delegated to such other committees as the Trust has established, as set out in the Scheme of Delegation.

1.2.3 **The Chief Executive and Chief Finance Officer**

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

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

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

1.2.5 **The Chief Finance Officer**

The Chief Finance Officer is responsible for:

a. implementing the Trust’s financial policies and for coordinating 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 the Trust, and employees of the Trust, the duties of the Chief Finance Officer include:

d. the provision of financial advice to other members of the Board of Directors and employees;

e. the design, implementation and supervision of systems of internal financial control;

f. the preparation and maintenance of such accounts, certificates, estimates, records and reports as the Trust may require for the purpose of carrying out its statutory duties.
1.2.6 Council of Governors
All members of the Council of Governors, severally and collectively, are responsible for:

a. holding the non-executive directors individually and collectively to account for the performance of the Board of Directors, and
b. representing the interests of the members of the trust as a whole and the interests of the public.

1.2.7 Members of the Board of Directors and Employees
All members of the Board of Directors and employees, severally and collectively, are responsible for:

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

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

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

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2. Audit

2.1. Audit Committee

2.1.1. In accordance with Standing Orders, the Board of Directors shall formally establish an Audit Committee, with clearly defined terms of reference and following guidance from the NHS Audit Committee Handbook (2011) and the Audit Code for NHS Foundation Trusts published by the Independent Regulator, which will provide an independent and objective view of internal control by:

a. overseeing Internal and External Audit services;

b. reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgments;

c. work with the Quality Committee to review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives;

d. monitoring compliance with Standing Orders and Standing Financial Instructions;

e. reviewing schedules of losses and compensations and making recommendations to the Board of Directors;

f. reviewing schedules of debtors/creditors balances over 6 months and £5,000 old and seeking explanations/action plans;

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

2.1.2. Where the Audit Committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wishes to raise, the Chairman of the Audit Committee should inform the Chief Executive and Chief Finance Officer and raise the matter at a full meeting of the Board of Directors. Exceptionally, the matter may need to be referred to NHS Improvement (Monitor).

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

2.2. Chief Finance Officer

2.2.1. The Chief Finance Officer is responsible for:

a. ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective Internal Audit function;

b. ensuring that the Internal Audit is adequate and meets the NHS mandatory audit standards;

c. deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption;
d. ensuring that an annual internal audit report is prepared for the consideration of the Audit Committee and the Board of Directors. The report must cover:

i) a clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the Department of Health including for example compliance with control criteria and standards;
ii) major internal financial control weaknesses discovered;
iii) progress on the implementation of internal audit recommendations;
iv) progress against plan over the previous year;
v) strategic audit plan covering the coming three years;
vi) a detailed plan for the coming year.

2.2.2. The Chief Finance Officer 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 members of the Board of Directors or Council of Governors or employee of the Trust;
c. the production of any cash, stores or other property of the Trust under a member of the Board of Directors and / or an employee's control; and
d. explanations concerning any matter under investigation.

2.3. Role of Internal Audit

2.3.1. Internal Audit will review, appraise and report upon:

a. the extent of compliance with, and the financial effect of, relevant established policies, plans and procedures;
b. the adequacy and application of financial and other related management controls;
c. the suitability of financial and other related management data;
d. the extent to which the Trust’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.
e. Internal Audit shall also independently verify the Assurance Statements in accordance with guidance from NHSI / the Department of Health.

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

2.3.3. The Head of Internal Audit will normally attend Audit Committee meetings and has a right of access to all Audit Committee members, the Chairman and Chief Executive of the Trust.
2.3.4. The Head of Internal Audit shall be accountable to the Chief Finance Officer. The reporting system for internal audit shall be agreed between the Chief Finance Officer, the Audit Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit Standards. The reporting system shall be reviewed at least every three years.

2.3.5. Managers in receipt of audit reports referred to them have a duty to take appropriate remedial action within the timescales specified in the report. The Chief Finance Officer shall identify a formal review process to monitor the extent of compliance with audit recommendations. Where appropriate remedial action has failed to take place within a reasonable period, the matter shall be reported to the Chief Finance Officer. Changes implemented must be maintained in the future and not viewed as merely satisfying an immediate audit point.

2.4. **External Audit**

2.4.1. The External Auditor is appointed by the Council of Governors. The Audit Committee must ensure a cost-efficient service. If there are any problems relating to the service provided by the External Auditor, then these should be raised with the External Auditor and the Council of Governors advised of the problems and of plans to resolve them.

2.5. **Fraud and Corruption**

2.5.1. In line with their responsibilities, the Trust Chief Executive and Chief Finance Officer shall monitor and ensure compliance with the standards for Providers for Countering Fraud and Corruption (published by NHS Protect). In addition they will ensure the Trust complies with the NHS Contract in respect of fraud and corruption and provide commissioners with appropriate assurances regarding counter fraud provision.

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

2.5.3. The Local Counter Fraud Specialist shall report to the Chief Finance Officer and shall work with staff in NHS Protect in accordance with the NHS Counter Fraud and Corruption Manual and guidance. Investigations will be carried out where appropriate within the context of the Bribery Act 2010 and the Fraud Act 2006.

2.5.4. The Local Counter Fraud Specialist will provide a written report, at least annually, on counter fraud work within the Trust.

2.5.5. The Trust shall ensure that a Counter Fraud Policy is in place, implemented, and reviewed and updated to ensure compliance with the current NHS Protect’s ‘Standards for Providers’ on fraud and corruption

2.6. **Security Management**

2.6.1. In line with their responsibilities, the Trust Chief Executive will monitor and ensure compliance with Directions issued directly by the Secretary of State for Health or NHS Protect on NHS security management.

2.6.2. The Trust shall nominate a suitable person to carry out the duties of the Local Security Management Specialist (LSMS) as specified by the Secretary of State for Health or NHS Protect guidance on NHS security management.
2.6.3. The Trust shall nominate a Non-Executive Director to be responsible to the Board of Directors for NHS security management.

2.6.4. The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the Director of Clinical Services and the appointed Local Security Management Specialist (LSMS).
3. Allocations, Planning, Budgets, Budgetary Control and Monitoring

3.1. Preparation and Approval of Plans and Budgets

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

   a. a statement of the significant assumptions on which the plan is based;

   b. details of major changes in workload, delivery of services or resources required to achieve the plan.

3.1.2. The Chief Finance Officer shall, on behalf of the Chief Executive, and in advance of the financial year, to which they refer, prepare and submit budgets within the forecast limits of available resources and planning policies to the Board of Directors for its approval. Budgets will be in accordance with the aims and objectives set out in the Trust’s service strategy and the business plan.

3.2. Budgetary Control and Reporting

3.2.1. The Chief Executive shall require the Chief Finance Officer to devise and maintain systems of budgetary control. All officers whom the Board of Directors may empower to engage staff, to otherwise incur expenditure, or to collect or generate income, shall comply with the requirements of those systems. The systems of budgetary control shall incorporate the reporting of, and investigation into, financial, activity or workforce variances from budget. The Chief Finance Officer shall be responsible for providing budgetary information and advice to enable the Chief Executive and other officers to carry out their budgetary responsibilities.

3.2.2. The Chief Finance Officer shall keep the Chief Executive and the Board of Directors informed of the financial consequences of changes in policy, pay awards and other events and trends affecting budgets and shall advise on the financial and economic aspects of future plans and projects.

3.3. Budgetary Delegation

3.3.1. The Chief Executive may delegate management of a budget or part of a budget to officers to permit the performance of defined activities. The Schemes of Delegation shall include a clear definition of individual and group responsibilities for control of expenditure, exercise of virement, achievement of planned levels of services and the provision of regular reports upon the discharge of those delegated functions to the Chief Executive.

3.3.2. In carrying out their duties the Chief Executive shall not exceed the budgetary or virement limits set by the Board of Directors, and officers shall not exceed the budgetary limits set them by the Chief Executive. The Chief Executive may vary the budgetary limit of an officer within the Chief Executive’s own budgetary limit.

3.3.3. Except where otherwise approved by the Chief Executive, taking account of advice of the Chief Finance Officer, budgets shall be used only for the purpose for which they were provided and any budgeted funds not required for their designated purpose shall revert to the immediate control of the Chief Executive, unless covered by delegated powers of virement.

3.3.4. Expenditure for which no provision has been made in an approved budget and which is not subject to funding under the delegated powers of virement,
shall only be incurred after authorisation by the Chief Executive or the Board of Directors as appropriate.

3.4. Capital Expenditure

3.4.1. The general rules applying to delegation and reporting shall also apply to capital expenditure. (The particular applications relating to capital are contained in SFI section 13).

3.5. Monitoring Returns

3.5.1. The Chief Executive is responsible for ensuring that the appropriate monitoring forms are submitted to the requisite monitoring organisation.

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4. Annual Accounts and Reports

4.1. The Chief Finance Officer, on behalf of the Trust, will:
   a. prepare financial returns in accordance with the accounting policies and guidance given by NHS Improvement (Monitor), the Trust’s accounting policies, and generally accepted accounting practice, as embodied in the International Financial Reporting Standards (IFRS);
   b. prepare and submit annual financial reports to NHS Improvement (Monitor) certified in accordance with current guidelines;
   c. submit financial returns to NHS Improvement (Monitor) for each financial year in accordance with the timetable prescribed by NHS Improvement (Monitor).

4.2. The Annual Accounts must be formally approved by the Board of Directors.

4.3. The Trust’s annual accounts must be audited by the external auditor appointed by the Council of Governors. The Trust’s audited Annual Accounts together with the auditor’s report upon them must be presented to a public meeting and made available to the public.

4.4. The Trust will publish an annual report, in accordance with guidelines on local accountability, and present it at a public meeting. The document will comply with the guidance set out by NHS Improvement (Monitor) in the FT ARM.

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5. Bank and Government Banking Service (GBS) Electronic Accounts

5.1. General

5.1.1. The Chief Finance Officer is responsible for managing the Trust’s banking arrangements and for advising the Trust on the provision of banking services and operation of accounts. This advice will take into account guidance/Directions issued from time to time by NHS Improvement (Monitor). In line with ‘Cash Management in the NHS’ Trusts should minimize the use of commercial bank accounts and use the electronic banking systems of the Government Banking Service (GBS) for all banking services.

5.1.2. The Board shall approve the banking arrangements.

5.2. Bank Accounts

5.2.1. The Chief Finance Officer is responsible for:

a. bank accounts, and the trust accounts associated with the electronic banking system run on behalf of GBS

b. establishing separate bank accounts for the Trust's non-exchequer funds;

c. ensuring payments made from bank or GBS accounts do not exceed the amount credited to the account except where arrangements have been made;

d. reporting to the Board all arrangements made with the Trust’s bankers for accounts to be overdrawn.

e. monitoring compliance with NHS Improvement (Monitor) guidance on the level of cleared funds.

5.3. Banking Procedures

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

a. the conditions under which each bank and GBS account is to be operated;

b. those authorised to sign cheques or other orders drawn on the Trust’s accounts.

c. the limit to be applied to any overdraft;

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

5.3.3. The Chief Finance Officer shall approve security procedures for any cheques issued without a handwritten signature. Manually produced cheques shall be signed by the authorized officer(s) in accordance with the bank mandate. All cheques shall be treated as controlled stationery, in charge of a duly designated officer controlling their issue.

5.4. Tendering and Review

5.4.1. The Chief Finance Officer will review the commercial banking arrangements of the Trust at regular intervals to ensure they reflect best practice and represent best value for money by periodically seeking competitive tenders for the Trust’s commercial banking business.
5.4.2. Competitive tenders should be sought at least every five years. The results of the tendering exercise should be reported to the Board. This review is not necessary for GBS accounts.
6. Income, Fees and Charges and Security of Cash, Cheques and Other Negotiable Instruments

6.1. Income Systems
   6.1.1. The Chief Finance Officer is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due.
   6.1.2. The Chief Finance Officer is also responsible for the prompt banking of all monies received.

6.2. Fees and Charges
   6.2.1. The Trust shall follow relevant NHS Improvement (Monitor) advice in setting prices for NHS service agreements and contracts with other non-NHS organizations.
   6.2.2. The Chief Finance Officer is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by NHS Improvement (Monitor), the Department of Health or by Statute. Independent professional advice on matters of valuation shall be taken as necessary. Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered the guidance in the Department of Health’s Commercial Sponsorship – Ethical standards in the NHS shall be followed.
   6.2.3. All employees must inform the Chief Finance Officer promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.

6.3. Debt Recovery
   6.3.1. The Chief Finance Officer is responsible for the appropriate recovery action on all outstanding debts.
   6.3.2. Income not received should be dealt with in accordance with losses procedures.
   6.3.3. Overpayments should be detected (or preferably prevented) and recovery initiated.

6.4. Security of Cash, Cheques and other Negotiable Instruments
   6.4.1. The Chief Finance Officer is responsible for:
      a. approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable (no form of receipt which has not been specifically authorized by the Chief Finance Officer should be used);
      b. ordering and securely controlling any such stationery;
      c. the provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines;
      d. prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust.
6.4.2. OFFICIAL MONEY SHALL NOT UNDER ANY CIRCUMSTANCES BE USED FOR THE ENCASHMENT OF PRIVATE CHEQUES OR IOUS.

6.4.3. ALL CHEQUES, POSTAL ORDERS, CASH ETC., SHALL BE BANKED INTACT. DISBURSEMENTS SHALL NOT BE MADE FROM CASH RECEIVED, EXCEPT UNDER ARRANGEMENTS APPROVED BY THE CHIEF FINANCE OFFICER.

6.4.4. THE HOLDERS OF SAFE KEYS SHALL NOT ACCEPT UNOFFICIAL FUNDS FOR DEPOSITING IN THEIR SAFES UNLESS SUCH DEPOSITS ARE IN SPECIAL SEALED ENVELOPES OR LOCKED CONTAINERS. IT SHALL BE MADE CLEAR TO THE DEPOSITORS THAT THE TRUST IS NOT TO BE HELD LIABLE FOR ANY LOSS, AND WRITTEN INDEMNITIES MUST BE OBTAINED FROM THE ORGANISATION OR INDIVIDUALS ABSOLVING THE TRUST FROM RESPONSIBILITY FOR ANY LOSS.

6.5. MONEY LAUNDERING

6.5.1. TO MINIMISE THE RISK OF BEING USED FOR MONEY LAUNDERING PURPOSES AND AVOID THE NEED TO COMPLY WITH THE MONEY LAUNDERING REGULATIONS THE TRUST WILL NOT ACCEPT PAYMENT IN CASH EXCEEDING £1000 FOR ANY SINGLE TRANSACTION OTHER THAN IN RESPECT OF FUNDS BANKED ON BEHALF OF A PATIENT WHO HAS BEEN ADMITTED WITH SUCH FUNDS.
7. Tendering and Contracting Procedure

7.1. Duty to comply with Standing Orders and Standing Financial Instructions

7.1.1. The procedure for making all contracts by or on behalf of the Trust shall comply with the Standing Orders and these Standing Financial Instructions (except where Standing Order No. 25 Suspension of Standing Orders is applied).

7.1.2. Prior to tenders being invited, it must be confirmed that funding approval has been granted by the relevant board committee or budget holder; the proposed goods, services or works have been adequately specified; as appropriate, the design brief and drawings have been approved and signed off by the primary users; any required statutory approvals have been obtained.

7.2. EU Directives Governing Public Procurement

7.2.1. European Community Treaty principles, and specifically Community Directives regarding how public bodies may award contracts (each as enacted in the UK by Parliament), shall have effect as if incorporated in the Standing Orders and these Standing Financial Instructions.

7.2.2. In the event of exceptional circumstances, the Chief Executive, The Chief Finance Officer or one of his / her nominated deputies may authorize non-compliance with the Directives on a specific, time-limited basis where strictly necessary, provided plans are put in place to amend the non-compliance wherever possible.

7.3. Reverse eAuctions

7.3.1. The Trust should have policies and procedures in place for the control of all tendering activity carried out through Reverse eAuctions and by means of electronic quotation or tendering. For further guidance on Reverse eAuctions see http://webarchive.nationalarchives.gov.uk/20110601212617/http:/ogc.gov.uk/documents/OGC_Guidance_on_eAuctions.pdf

7.4. Capital Investment Manual and other Guidance

7.4.1. The Trust shall comply as far as is practicable with the requirements of the Department of Health "Capital Investment Manual" and "HBN 00-08 (formally Estate code)" in respect of capital investment and estate and property transactions. In the case of management consultancy contracts the Trust shall comply as far as is practicable with all relevant NHS Improvement (Monitor) /Department of Health guidance.

7.5. Formal Competitive Tendering (contract value of £20,000 excluding VAT or more)

7.5.1 General Applicability

The Trust’s Procurement Department should be consulted for advice relating to all expenditure with a contract value of £20,000 (excluding VAT) or more, other than for pharmacy or works contracts.

Where the value of a contract over the life of the contract is £20,000 (excluding VAT) or more, the Trust shall ensure that, unless national contracts or valid framework agreements or similar procedures are followed, competitive tenders are invited for:
the supply of goods, materials and manufactured articles;
the rendering of services including all forms of management consultancy services (other than specialised services sought from or provided by the Department of Health);
For the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens);
The maintenance of equipment
for disposals.

7.5.2 Health Care Services
Where the Trust elects to invite tenders for the supply of healthcare services these Standing Orders and Standing Financial Instructions shall apply as far as they are applicable to the tendering procedure and need to be read in conjunction with Standing Financial Instruction No.8 and No 9.

7.5.3 Exceptions and instances where formal tendering need not be applied
Formal tendering procedures need not be applied where:

a. the estimated expenditure or income does not, or is not reasonably expected to, exceed £20,000; (exclusive of VAT) (this figure to be reviewed annually);
b. where the supply is proposed under special arrangements negotiated by the DH in which event the said special arrangements must be complied with;
c. regarding disposals as set out in Standing Financial Instructions No.15;
d. Where NHS Supply Chain, the Government Procurement Service or any other public sector led agreement (such as by a collaborative procurement hub) are in place which are legally constructed to permit the Trust’s participation

e. Where a consortium or a national agreement or contract is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the consortium members where the Chief Finance Officer or their nominated deputy is satisfied that the arrangements conform to statute and represent best value.

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

f. in very exceptional circumstances where the Chief Executive decides that formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate Trust record;
g. where the timescale genuinely precludes competitive tendering but failure to plan the work properly would not be regarded as a justification for a single tender;

h. where there is only one supplier of the goods or services or where specialist expertise is required and is available from only one source. This includes compatible or propriety product for existing machinery or equipment;
i. when the task is essential to complete the project, and arises as a
consequence of a recently completed assignment and engaging
different consultants for the new task would be inappropriate;

j. there is a clear benefit to be gained from maintaining continuity with an
earlier project. However in such cases the benefits of such continuity
must outweigh any potential financial advantage to be gained by
competitive tendering;

k. for the provision of legal advice and services providing that any legal
firm or partnership commissioned by the Trust is regulated by the Law
Society for England and Wales for the conduct of their business (or by
the Bar Council for England and Wales in relation to the obtaining of
Counsel's opinion) and are generally recognised as having sufficient
expertise in the area of work for which they are commissioned.

The Chief Finance Officer will ensure that any fees paid are reasonable
and within commonly accepted rates for the costing of such work.

l. where allowed and provided for in the Guidance issued by NHS
Improvement (Monitor).

m. For the provision of equipment maintenance with the original equipment
manufacturer (OEM)

n. To support standardisation within the Trust which reduces clinical risk
and training requirements.

The waiving of competitive tendering procedures should not be used to avoid
competition or for administrative convenience or to award further work to a
consultant originally appointed through a competitive procedure.

However, a non-competitive quote will still be sought in cases where anticipated
expenditure or income exceeds £20,000 but competitive tendering is waived
under (f) to (n) above.

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

7.5.4 Building and Engineering Construction Works

Competitive Tendering cannot be waived for building and engineering
construction works and maintenance (other than in accordance with Concode)
without NHS Improvement (Monitor) approval.

7.5.5 Items which subsequently breach thresholds after original approval

Items estimated to be below the limits set in this Standing Financial Instruction
for which formal tendering procedures are not used which subsequently prove
to have a value above such limits shall be reported to the Chief Executive,
and be recorded in an appropriate Trust record. Authorisation to procure and
subsequent award of contract must be directly correlated. That is, the value
and the period of contract that is awarded must be the same as that was given
mandate in the original requirement. If the period of the contract is to be
extended, this is only permitted if the original authorisation and value included
the value of the extensions. Where this authority was not provided in the
original mandate, further authorisation must be sought in accordance with the
Limits of Delegation policy.
7.6. Contracting/Tendering Procedure

7.6.1 Invitation to tender

(i) All invitations to tender shall state the date and time as being the latest time for the receipt of tenders.

(ii) All invitations to tender shall state that no tender will be accepted unless:

(a) submitted in a plain sealed package or envelope bearing a pre-printed label supplied by the Trust (or the word "tender" followed by the subject to which it relates) and the latest date and time for the receipt of such tender addressed to the Chief Executive or nominated Manager;

(b) that tender envelopes/packages shall not bear any names or marks indicating the sender. The use of courier/postal services must not identify the sender on the envelope or on any receipt so required by the deliverer.

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

(iv) Every tender for building or engineering works (except for maintenance work, when HBN 00-08 (formally Estmancode) guidance shall be followed) shall embody or be in the terms of the current edition of one of the Joint Contracts Tribunal Standard Forms of Building Contract or Department of the Environment (GC/Wks) Standard forms of contract amended to comply with Concode; or, when the content of the work is primarily engineering, the General Conditions of Contract recommended by the Institution 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 Institute of Civil Engineers, the Association of Consulting Engineers and the Federation of Civil Engineering Contractors. These documents shall be modified and/or amplified to accord with Department of Health guidance and, in minor respects, to cover special features of individual projects.

7.6.2 Receipt and safe custody of tenders

The Chief Executive or his/her nominated representative will be responsible for the receipt, endorsement and safe custody of tenders received until the time appointed for their opening unless the tender has been carried out on an electronic tendering system in which case this activity is controlled by the system.

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

7.6.3 Opening tenders and Register of tenders

(i) As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened by two senior officers/managers designated by the Chief Executive and not from the originating department.

(ii) A member of the Trust Board will be required to be one of the two approved persons present for the opening of tenders estimated above.
£1,000,000. The rules relating to the opening of tenders will need to be read in conjunction with any delegated authority set out in the Trust’s Scheme of Delegation.

(iii) The ‘originating’ Department will be taken to mean the Department sponsoring or commissioning the tender.

(iv) The involvement of Finance Directorate staff in the preparation of a tender proposal will not preclude the Chief Finance Officer or any approved Senior Manager from the Finance Directorate from serving as one of the two senior managers to open tenders.

(v) All Executive Directors/members will be authorised to open tenders unless they are from the originating department.

(vi) The Trust’s Head of Corporate Governance, should the Trust have one, will count as a Director for the purposes of opening tenders.

(vii) Every tender received shall be marked with the date of opening and initiated by those present at the opening.

(viii) A register shall be maintained by the Chief Executive, or a person authorised by him/her, to show for each set of competitive tender invitations despatched:

- the name of all firms individuals invited;
- the names of firms individuals from which tenders have been received;
- the date the tenders were opened;
- the persons present at the opening;
- the price shown on each tender;
- a note where price alterations have been made on the tender.

Each entry to this register shall be signed by those present.

A note shall be made in the register if any one tender price has had so many alterations that it cannot be readily read or understood.

(ix) 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, but prior to the opening of other tenders, should be dealt with in the same way as late tenders. (Standing Financial Instructions. 7.6.5 below).

7.6.4 E-Tendering

E-Tendering is the Trust’s preferred method for sending and receiving tenders. In the case of goods and services procured via E-tendering, the above procedure will be modified to reflect that:-

- Tenders are received electronically by the E-tendering system
- Tenders will be opened at the official opening time / date by procurement staff and the system will maintain a log of access.
- The system will log any documents added during the procurement period and all communication between the parties using the system
- Any amendments to documents post opening will be logged manually along with the identity of the person making the change and the reason for the change.
The system’s audit log and the manual log will be periodically reviewed by a senior officer and will be available for inspection by Internal Audit as and when required.

Recent EU Legislation dictates that all activities and communications relating to the entire tendering process are disclosable to third parties so it is essential that sound records are kept, principals of transparency and competition are adhered to and all communication documented.

7.6.5 Admissibility
(i) If for any reason the designated officers are of the opinion that the tenders received are not strictly competitive (for example, because their numbers are insufficient or any are amended, incomplete or qualified) no contract shall be awarded without the approval of the Chief Executive.

(ii) Where only one tender is sought and/or received, the Chief Executive and/or Chief Finance Officer or their nominated deputy shall, as far practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for the Trust.

7.6.6 Late tenders
(i) Tenders received after the due time and date, but prior to the opening of the other tenders, may be considered only if the Chief Executive or his/her nominated officer decides that there are exceptional circumstances i.e. despatched in good time but delayed through no fault of the tenderer.

(ii) Only in the most exceptional circumstances will a tender be considered which is received after the opening of the other tenders and only then if the tenders that have been duly opened have not left the custody of the Chief Executive or his/her nominated officer or if the process of evaluation and adjudication has not started.

(iii) While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential, recorded, and held in safe custody by the Chief Executive or his/her nominated officer.

(iv) Any acceptance of a late tender must be clearly documented along with the reason for acceptance and kept with the tender records.

7.6.7 Acceptance of formal tenders (See overlap with SFI No. 7.7)
(i) Any discussions with a tenderer which are deemed necessary to clarify technical aspects of their tender before the award of a contract will not disqualify the tender and must be recorded in a permanent record.

(ii) Prior to the release of the tender document, selection and award criteria must be clearly defined and articulated to the tenderers. The criteria for award should be made up of both price and quality aspects unless there is a very good reason for selecting the lowest price tender in which case this must be declared in the tender documents. The successful tender will be awarded on the Most Economically Advantageous Tender criteria as defined by best practise in procurement. The criteria may include (but not be limited to):

   a. Quality
   b. Technical properties
   c. Experience
d. Functional qualities

e. After sales service

f. Delivery

g. Price

The Trust recognises that the lowest price does not always represent ‘best value’ and as such will award tenders based on the requirements of the goods and / or services which for homogenous, simple products may be lowest price but is usually based on an assessment of a combination of criteria.

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

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

a. not in excess of the going market rate / price current at the time the contract was awarded;

b. that best value for money was achieved.

(v) Subject to the Freedom of Information Act, all tenders should be treated as confidential and should be retained for inspection.

7.6.8 Tender reports to the Board of Directors

Reports to the Board of Directors will be made on an exceptional circumstance basis only and in accordance with the Limits of Delegation Policy.

7.6.9 Building and Engineering Construction Works

(i) Invitations to tender shall be made only to firms included on the separate maintenance lists compiled in accordance with Estmancode guidance (Health Notice HN (78)147).

(ii) Firms included on the list shall ensure that when engaging, training, promoting or dismissing employees or in any conditions of employment, shall not discriminate against any person because of colour, race, ethnic or national origins, religion or sex, and will comply with the provisions of the Equal Pay Act 1970, the Sex Discrimination Act 1975, the Race Relations Act 1976, and the Disabled Persons (Employment) Act 1944 and any amending and/or related legislation.

(iii) Firms shall conform at least with the requirements of the Health and Safety at Work Act and any amending and/or other related legislation concerned with the health, safety and welfare of workers and other persons, and to any relevant British Standard Code of Practice issued by the British Standard Institution. Firms must provide to the appropriate manager a copy of its safety policy and evidence of the safety of plant and equipment, when requested.

7.6.10 Financial Standing and Technical Competence of Contractors

The Chief Finance Officer may make or institute any enquiries he/she deems appropriate concerning the financial standing and financial suitability of approved contractors. The Director with lead responsibility for clinical
7.7. Quotations: Competitive and non-competitive

7.7.1 General Position on quotations

Quotations are required where formal tendering procedures are not adopted and where the intended expenditure or income exceeds, or is reasonably expected to exceed £5000 but not exceed £20,000. For intended expenditure less than £5000, a single written quote is sufficient.

Where the potential supplier has the ability to use an e-quote system, this should be used in preference to a manual system.

7.7.2 Competitive Quotations

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

(ii) Quotations should always be in writing and subject to NHS Terms and conditions.

(iii) Subject to the Freedom of Information Act, all quotations should be treated as confidential and should be retained for inspection.

(iv) The Chief Executive or his/her nominated officer should evaluate the quotation and select the quote which gives the best value for money and most adequately meets the specification of requirements.

(v) Staff should not sign agreements or accept quotations on supplier terms and conditions which could be disadvantageous to the Trust.

Formal tendering and competitive quotation must be carried out with the support of the Trust's Strategic Procurement department. This does not wholly preclude Divisions from undertaking activities themselves however legislative complexities are such that Procurement advice should be sought in all instances.

7.7.3 Non-Competitive Quotations (contract value under £5,000 excluding VAT)

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

(i) the supply of proprietary or other goods of a special character and the rendering of services of a special character, for which it is not, in the opinion of the responsible officer, possible or desirable to obtain competitive quotations;

(ii) the supply of goods or manufactured articles of any kind which are required urgently and are not obtainable under existing contracts;

(iii) miscellaneous services, supplies and disposals;

(iv) where the goods or services are for building and engineering maintenance the responsible works manager must certify that the first two conditions of this SFI (i.e.: (i) and (ii) of this SFI) apply.

7.7.4 Quotations to be within Financial Limits

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

7.8. Authorisation of Tenders and Competitive Quotations

Providing all the conditions and circumstances set out in these Standing Financial Instructions have been fully complied with, formal authorisation and awarding of a contract may be ratified by the following staff to the value of the contract as follows:

- Director of Procurement up to OJEU Threshold (Currently £164,176 from 1st January 2016 but subject to regular change)
- Chief Finance Officer / Chief Executive up to £1,000,000
- Trust Board over £1 Million

These levels of authorisation may be varied or changed and need to be read in conjunction with the Trust Board’s Scheme of Delegation and the Limits of Delegation Policy.

Formal authorisation must be put in writing. In the case of authorisation by the Trust Board this shall be recorded in their minutes.

7.9. Signing of Documents

Section 24 of Standing Orders sets out the requirements in respect of signing documents.

7.10. Instances where formal competitive tendering or competitive quotation is not required

Where competitive tendering or a competitive quotation is not required the Trust should seek best value from a range of supply routes to include but not be limited to NHS Supply Chain, Government Procurement Service, any other collaborative procurement hub to which the trust has right to access:

The procurement of goods and services across the Trust shall be in accordance with the Limits of Delegation Policy and these Standing Financial Instructions. Members of staff must not commit the Trust to expenditure with a supplier or sign contracts if they are not permitted to do so in accordance with these policies.

7.11. Private Finance for capital procurement (see overlap with SFI No. 13)

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

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

b. Where the sum exceeds delegated limits, a business case must be referred to NHS Improvement (Monitor) for approval.

c. The proposal must be specifically agreed by the Board of the Trust, in the light of such professional advice as should reasonably be sought in particular with regard to vires.

d. The selection of a contractor/finance company must be on the basis of competitive tendering or quotations.
7.12. **Compliance requirements for all contracts**

The Board may only enter into contracts on behalf of the Trust within the statutory powers set out in its licence and shall comply with:

a. The Trust’s Standing Orders and Standing Financial Instructions;

b. EU Directives and other statutory provisions;

c. any relevant directions including the Capital Investment Manual, HBN 00-08 (formally Estatecode) and guidance on the Procurement and Management of Consultants;

d. The NHS Improvement (Monitor) procedure for the approval of capital schemes

e. such of the NHS Standard Contract Conditions as are applicable.

f. contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance.

g. Where appropriate contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited.

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

7.13. **Personnel and Agency or Temporary Staff Contracts**

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

7.14. **Healthcare Services Agreements (see overlap with SFI No. 8)**

Contracts with NHS providers for the supply of healthcare services shall be drawn up in accordance with the NHS and Community Care Act 1990 and administered by the Trust.

7.15. **Disposals (See overlap with SFI No. 15)**

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

a. any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the Chief Executive or his/her nominated officer;

b. obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy of the Trust;

c. items to be disposed of with an estimated sale value of less than £5000, this figure to be reviewed on a periodic basis;

d. items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;

e. land or buildings concerning which DH / NHS Improvement (Monitor) guidance has been issued but subject to compliance with such guidance.

All disposals of items on the asset register which originally cost not less than £5000 must be notified to the Finance Department.
7.16. **In-house Services**

7.16.1. The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis. The Trust may also determine from time to time that in-house services should be market tested by competitive tendering.

7.16.2. In all cases where the Board determines that in-house services should be subject to competitive tendering the following groups shall be set up:

   a. Specification group, comprising the Chief Executive or nominated officer(s) and specialist(s).

   b. In-house tender group, comprising representatives of the in-house team, a nominee of the Chief Executive and technical support.

   c. Evaluation team, comprising normally a specialist officer, a supplies officer and a Chief Finance Officer representative. For services having a likely annual expenditure exceeding £1 Million, a non-executive director should be a member of the evaluation team.

7.16.3. All groups should work independently of each other and individual officers may be a member of more than one group but no member of the in-house tender group may participate in the evaluation of tenders.

7.16.4. The evaluation team shall make recommendations to the Board.

7.16.5. The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the Trust.

7.17. **Applicability of SFIs on Tendering and Contracting to funds held in trust (see overlap with SFI No. 18)**

These Instructions shall not only apply to expenditure from Exchequer funds but also to works, services and goods purchased from the Special Trustees trust funds and private resources.

7.18. **Cancellation of Contracts**

Except where specific provision is made in model Forms of Contracts or standard Schedules of Conditions approved for use within the National Health Service, there shall be inserted in every written contract a clause empowering the Trust to cancel the contract and to recover from the contractor the amount of any loss resulting from such cancellation, if the contractor shall have offered, given or agreed to give to any person any gift or consideration of any kind as an inducement or reward for doing or forbearing to do or for having done or forborne to do any action in relation to the obtaining or execution of the contract or any other contract with the Trust, or for showing or forbearing to show favour or disfavour to any person in relation to the contracts or any other contract with the Trust, or if the like acts shall have been done by any person employed by him or acting on his behalf (whether with or without the knowledge of the contractor), or if in relation to any contract with the Trust the contractor or any person employed by him or acting on his behalf shall have committed any offence under the Bribery Act 2010 or other appropriate legislation.

7.19. **Determination of Contracts for Failure to Deliver Goods or Materials**

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

All contracts for building and engineering works shall include provision for liquidated damages having regards to the CONCODE provisions. Where a sum above the minimum is required, this shall be determined by the Project Officer in accordance with an estimate of the damages the Trust is likely to incur through late completion of the works by the contractor provided that the amount so derived does not in the opinion of the Project Director or their nominee amount to a penalty.

The Project Director shall determine when liquidated damages shall be enforce after consultation with the Design Team and, if the Project Director considers it necessary with lawyers.

7.20. Use of Electronic Auctions

7.20.1. The Trust at its discretion may, if the category of procured goods or service is suitable, use an electronic auction to obtain tender submissions. The Crown Commercial Service definition of suitability identifies procurements that are of sufficient value to attract competition, with a requirement that can be accurately specified and for which there is a competitive market. It is important when deciding on a category that a firm specification is available. There must be no ambiguity as to the Trust’s requirements prior to the eAuction. It must be possible to compare the products on a like for like basis.

7.20.2. Under Article 54 (Use of eAuctions) of the Public Sector Directive 2004/18/EC (which is adopted in the UK by the Public Contracts Regulations 2006), in open, restricted or negotiated procedures in the case referred to in Article 30 (1) (a) the Trust may decide that the award of a public contract shall be preceded by an electronic auction when the contract specifications can be established with precision.

7.20.3. The electronic auction shall be based:

- either solely on prices when the contract is awarded to the lowest price;
- or on prices and/or on the new values of the features indicated in the specification when the contract is awarded to the most economically advantageous tender.

7.20.4. Should it decide to hold an electronic auction, the Trust shall state that fact in the contract notice.

7.20.5. The specifications shall include, inter alia, the following details:

- a. the features of the products whose costs shall be the subject of electronic auction, provided that such features are quantifiable and can be expressed in figures or percentages;
- b. any limits on the values which may be submitted, as they result from the specifications relating to the subject of the contract;
- c. the information which will be made available to tenderers in the course of the electronic auction and, where appropriate, when it will be made available to them;
- d. the relevant information concerning the electronic auction process;
e. the conditions under which the tenderers will be able to bid and, in particular, the minimum differences which will, where appropriate, be required when bidding;

f. the relevant information concerning the electronic equipment used and the arrangements and technical specifications for connection.

7.20.6. Before proceeding with the electronic auction, the Trust shall make a full initial evaluation of the specification in accordance with the award criteria set and the weighting fixed for them. Clarification will also be sought via the paper-based tender route that the tenderers accept the proposed terms and conditions and that the non-collusion document has been completed.

7.20.7. All tenderers who have been selected shall be invited simultaneously by electronic means to submit prices and/or values. The invitation shall contain all relevant information concerning individual connection to the electronic equipment being used and shall state the date and time of the start of the electronic auction. The electronic auction may take place in a number of successive phases. The electronic auction may not start sooner than two working days after the date on which invitations are sent out.

7.20.8. Throughout each phase of an electronic auction the Trust shall instantaneously communicate to all tenderers at least sufficient information to enable them to ascertain their relative rankings at any moment. The Trust may also communicate points of clarification via the electronic auction process provided that the specification is not changed in any way and that the information is sent to all participants. The Trust may also at any time announce the number of participants in that phase of the auction. In no case, however, may the Trust disclose the identities of the tenderers during any phase of an electronic auction, nor the values of their bids.

7.20.9. The Trust shall close an electronic auction at either of the following times:

a. in the invitation to take part in the auction, the date and time shall be indicated, fixed in advance;

b. closure will be when no more new prices are received, or new values which meet the requirements concerning minimum differences (in this case the Trust shall state in the invitation to take part in the auction the time which will be allowed to elapse after receipt of the last submission before the electronic auction is closed).

7.20.10. When the Trust has closed an electronic auction and satisfied itself as to specification compliance and value for money, the Trust shall award the contract in accordance with the Trust’s Standing Orders and Standing Financial Instructions.

7.20.11. The Trust may not have improper recourse to electronic auctions nor may they be used in such a way as to prevent, restrict or distort competition or to change the subject of the contract as put up for tender in the published contract notice and defined in the specification.

7.20.12. Following tender approval / contract award the electronic tender documents shall be stored by the electronic auction service provider for the appropriate time period in accordance with official guidance concerning the preservation, retention and destruction of records.

7.20.13. The selection of the eAuction service provider shall meet the following standards:
Means of communication must not restrict access to a tendering procedure for potential participants. They must be non-discriminatory, generally available and capable of operation with IT products in general use.

The communication and storage of tenders must protect the integrity of the content.

7.20.14. The Trust must satisfy itself annually that the appointed service provider has the necessary protocols in place to meet the above requirements along with satisfactory archive and retrieval processes. The process shall be fully documented by the service provider with agreed service levels. Furthermore, the Trust shall obtain a formal and independent affirmation of the controls operated by any service provider which supports electronic auctions and receive periodic updates of this assurance.

7.21. ICT procurement

There is a need for a consistent approach to ICT procurement, security, development and practice in the Trust, to ensure value for money and that the opportunity and risks associated with the above are properly managed. The procurement of ICT will follow the procedures set out above and compliance with these policies and procedures is compulsory.

Systems (hardware/software) in use within the Trust, without due authority from the Director of Planning & Information will not be supported and may result in disciplinary action being taken.
8. NHS Contracts for Provision of Services (see overlap with SFI No. 7.14)

8.1. Contracts

8.1.1. The Chief Executive, as the accountable officer, is responsible for ensuring the Trust enters into suitable legally binding service contracts with service commissioners for the provision of NHS services. All service contracts should aim to implement the agreed priorities contained within the Trust’s Business Plan. In discharging this responsibility, the Chief Executive should take into account:

- the licence from NHS Improvement (Monitor)
- the standards of service quality expected;
- the relevant national service framework (if any);
- the provision of reliable information based on Payment by Results and HRGs
- the National Institute of Clinical Excellence
- the National Standard Local Action – Health and Social Care Standards and Planning Framework
- that service contracts build, where appropriate, on existing partnership arrangements;
- that service contracts are based on integrated care pathways.

8.1.2. The Chief Executive shall be responsible for signing NHS Contracts over a value of £150 million in respect of any one agreement. For NHS Contracts below the value of £150 million the Chief Finance Officer or the Chief Executive shall be responsible for signing. The Chief Finance Officer shall report on the progress and outcome of agreement negotiations to the Board.

8.2. Involving Partners and jointly managing risk

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

8.3. Reports to Board of Directors on Health Service Contracts

The Chief Executive, as the Accountable Officer, will need to ensure that regular reports are provided to the Board of Directors detailing actual and forecast income from the Health service contracts. This will include information on costing arrangements, which increasingly should be based upon Healthcare Resource Groups (HRGs). The service contract will also meet the minimum standards of the Payment by Results requirements. Where HRGs are unavailable for specific services, all parties should agree a common currency for application across the range of contracts.
9. Commissioning

(This section is not normally applicable to NHS Foundation Trusts since they are providers rather than commissioners of health services. However, in limited cases Trusts may be responsible for operational commissioning of services. In these circumstances Trusts should refer to the model SFIs on Commissioning for CCGs and adopt/amend the relevant paragraphs as appropriate).

9. Commissioning

10. Terms of Service, Allowances and Payment of Members of the Trust Board and Executive Committee and Employees

10.1. Remuneration and Terms of Service (see overlap with SO No. 19)

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

10.1.2. The Committee will:

a. advise the Board about appropriate remuneration and terms of service for the Chief Executive, other executive directors employed by the Trust and other senior employees including:

(i) all aspects of salary (including any performance-related elements/bonuses);

(ii) provisions for other benefits, including pensions and cars;

(iii) arrangements for termination of employment and other contractual terms, taking due regard of the requirements of NHS Improvement (Monitor) for the approval of severance payments;

b. make such recommendations to the Board on the remuneration and terms of service of executive directors of the Board (and other senior employees) to ensure they are fairly rewarded for their individual contribution to the Trust - having proper regard to the Trust's circumstances and performance and to the provisions of any national arrangements for such members and staff where appropriate;

c. monitor and evaluate the performance of individual executive directors (and other senior employees);

d. advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.

10.1.3. The Committee shall report in writing to the Board the basis for its recommendations. The Board shall use the report as the basis for their decisions, but remain accountable for taking decisions on the remuneration and terms of service of executive directors. Minutes of the Board's meetings should record such decisions.
10.1.4. The Board will consider and need to approve proposals presented by the Chief Executive for the setting of remuneration and conditions of service for those employees and officers not covered by the Committee.

10.1.5. The Trust will pay allowances to the Chairman and non-officer members of the Board in accordance with instructions issued by the Secretary of State for Health.

10.1.6. The Trust may pay travelling and other expenses to members of the Council of Governors at rates determined by the Trust.

10.2. Funded Establishment

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

10.2.2. The funded establishment of any department may not be varied without confirmation of affordability by the Finance Manager and the prior approval of the Chief Executive.

10.3. Staff Appointments

10.3.1. No member of the Board of Directors or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration:
   a. unless authorised to do so by the Chief Executive;
   And it is
   b. within the limit of their approved budget and funded establishment.

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

10.4. Processing Payroll

10.4.1. The Chief Finance Officer is responsible, through the payroll contractor, for:
   a. specifying timetables for submission of properly authorised time records and other notifications;
   b. the final determination of pay and allowances;
   c. making payment on agreed dates;
   d. agreeing method of payment.

10.4.2. The Chief Finance Officer will ensure that appropriate instructions have been issued regarding:
   a. verification and documentation of data;
   b. the timetable for receipt and preparation of payroll data and the payment of employees and allowances;
   c. maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
   d. security and confidentiality of payroll information;
   e. checks to be applied to completed payroll before and after payment;
   f. authority to release payroll data under the provisions of the Data Protection Act;
g. methods of payment available to various categories of employee and directors;

h. procedures for payment by cheque, bank credit, or cash to employees and directors;

i. procedures for the recall of cheques and bank credits;

j. pay advances and their recovery;

k. maintenance of regular and independent reconciliation of pay control accounts;

l. separation of duties of preparing records and handling cash;

m. a system to ensure the recovery from those leaving the employment of the Trust of sums of money and property due by them to the Trust.

10.4.3. Appropriately nominated managers have delegated responsibility for:

a. processing a signed copy of the contract/appointment form and such other documentation as may be required immediately upon an employee commencing duty;

b. submitting time records, and other notifications in accordance with agreed timetables;

c. completing time records and other notifications in accordance with the Chief Finance Officer’s instructions and in the form prescribed by the Chief Finance Officer;

d. submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee’s or officer’s resignation, termination or retirement. Where an employee fails to report for duty or to fulfil obligations in circumstances that suggest they have left without notice, the Chief Finance Officer must be informed immediately.

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

10.5. Contracts of Employment

10.5.1. The Board shall delegate responsibility to the Director of Organisational Development and Workforce for:

a. ensuring that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation;

b. dealing with variations to, or termination of, contracts of employment.
11. Non-pay Expenditure

11.1. Delegation of Authority

11.1.1. 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.

11.1.2. The Chief Executive (or their nominated officers) will set out:
   a. the list of managers who are authorised to place requisitions for the supply of goods and services;
   b. the maximum level of each requisition and the system for authorisation above that level.

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

11.2. Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services (see overlap with Standing Financial Instruction No. 7)

11.2.1. Requisitioning

   The requisitioner, in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the Trust. In so doing, the advice of the Trust’s Procurement department shall be sought. All goods, services, or works shall be ordered on an official Trust Purchase Order except agreed purchases from petty cash or on NHS purchase cards or where they are agreed as recognisable exceptions, as determined by the Procurement department.

11.2.2. System of Payment and Payment Verification

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

11.2.3. The Chief Finance Officer will:
   a. advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in Standing Orders and Standing Financial Instructions and regularly reviewed. The current limits are set out in the Limits of Delegation Policy.
   b. prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds. The current limits are set out in the Limits of Delegation Policy.
   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 Chief Finance Officer of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment.

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

11.2.4. Prepayments

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

a. Prepayments are only permitted where the financial advantages outweigh the disadvantages.

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 Chief Finance Officer will need to be satisfied with the proposed contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold);

d. The budget Manager is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate Director or Chief Executive if problems are encountered.

11.2.5. Official orders

Official Orders must:
a. be consecutively numbered;
b. be in a form approved by the Chief Finance Officer;
c. state the Trust’s terms and conditions of trade;
d. only be issued to, and used by, those duly authorised by the Chief Finance Officer

11.2.6. Duties of Managers and Officers

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

a. all contracts (except as otherwise provided for in the Scheme of Delegation and the associated Limits of Delegation Policy), leases, tenancy agreements and other commitments which may result in a liability are notified to the Chief Finance Officer in advance of any commitment being made;

b. contracts above specified thresholds are advertised and awarded in accordance with this policy and EU rules on public procurement;

c. For all contracts with a single supplier who’s value exceeds £2m p.a. the lead officer within the Trust shall be designated as the “contract owner” for that contract and shall:-
   
   (i) Ensure the contract is entered on the central contact register maintained by the Procurement & Supply Chain department.
   
   (ii) Ensure that all contract documentation is lodged with the Procurement & Supply Chain department (a copy may also be retained within the originating department for administrative convenience)
   
   (iii) Ensure appropriate contract management is in place.
   
   (iv) Ensure that any significant change to the contract/service is formally agreed and documented as required by the SFI’s or Limits of Delegation Policy.

d. where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health / NHS Improvement (Monitor); this is available from the central procurement team on request.

e. no order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to directors or employees, other than:
   
   (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 in accordance with the Trusts hospitality policy;

   *This provision needs to be read in conjunction with paragraph 33 of the Constitution and the principles outlined in the national guidance contained in HSG 93(5) “Standards of Business Conduct for NHS Staff”*;

f. no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Chief Finance Officer on behalf of the Chief Executive;
g. all goods, services, or works are ordered on an official order except works and services executed in accordance with a contract and purchases from petty cash (subject to the petty cash limit – see scheme of delegated limits).

h. verbal orders must only be issued very exceptionally - by an employee designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked “Confirmation Order”;

i. orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;

j. goods and services are not taken on trial, pilot or loan in circumstances that could commit the Trust to a future uncompetitive purchase;

k. changes to the list of employees and officers authorised to certify invoices are notified to the Chief Finance Officer;

l. purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by Chief Finance Officer;

m. petty cash records are maintained in a form as determined by the Chief Finance Officer.

n. An individual cannot order an item, receipt the item and certify the invoice for payment.

o. The financial limits for officers’ approval of payments are set out in the Scheme of Delegated limits

11.2.7. The Chief Finance Officer shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within CONCODE and HBN00-08 (formally ESTATECODE). The technical audit of these contracts shall be the responsibility of the relevant Director.
12. External Borrowing

12.1.1. The Chief Finance Officer will comply with the Treasury Management Policy, as approved by the Board of Directors, when borrowing and investing surplus funds.

12.1.2. The Chief Finance Officer will advise the Board concerning the Trust’s ability to pay interest on, and repay both Public Dividend Capital and any proposed borrowing. Any proposed borrowing will be within the limits established upon the Foundation Trust’s authorisation or subsequently advised by NHS Improvement (Monitor). The Chief Finance Officer is also responsible for reporting periodically to the Board concerning the PDC debt and all loans and overdrafts.

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

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

12.1.5. All short-term borrowings should be kept to the minimum period of time possible, consistent with the overall cash flow position. Any short term borrowing requirement must be authorised as outlined in the bank mandate.

12.1.6. Any short-term borrowing must be with the authority of two members of an authorised panel, one of which must be the Chief Executive or the Chief Finance Officer. The Board must be made aware of all short term borrowings at the next Board meeting.

12.1.7. All long-term borrowing must be consistent with the plans outlined in the current Business Plan. Any long term borrowing not included in the current Business Plan must be approved by the Board of Directors.

12.2. Investments

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

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

13.1. Capital Investment

13.1.1. The Chief Executive:

a. shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon business plans;

b. is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;

c. shall ensure that the capital investment is not undertaken without confirmation of purchaser(s) support and the availability of resources to finance all revenue consequences.

13.1.2. For every capital expenditure proposal the Chief Executive shall ensure:

a. that a business case (in line with the guidance issued by NHS Improvement (Monitor)) is produced setting out:
   
   (i) an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
   
   (ii) the involvement of appropriate Trust personnel and external agencies;
   
   (iii) appropriate project management and control arrangements;

b. that the Chief Finance Officer has certified professionally to the costs and revenue consequences detailed in the business case.

c. the appropriate level of approval has been obtained taking account of the NHS Improvement (Monitor) procedure for the approval of capital schemes.

13.1.3. For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of HBN00-08 (formally "Estatecode").

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

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

13.1.6. 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 (see overlap with SFI No. 7.6);

c. approval to accept a successful tender (see overlap with SFI No. 7.6).

The Chief Executive will issue a scheme of delegation for capital investment management in accordance with HBN00-08 (formally "Estatecode") guidance and the Trust's Standing Orders.
13.1.7. The Chief Finance Officer shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes. These procedures shall fully take into account the guidance produced by NHS Improvement (Monitor) and any relevant conditions set out in the licence.

13.2. **Private Finance (see overlap with SFI No. 7.10)**

13.2.1. The Trust should normally test for PFI when considering capital procurement. When the Trust proposes to use finance which is to be provided other than through its Allocations, the following procedures shall apply:

   a. The Chief Finance Officer shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
   
   b. Where the sum involved exceeds delegated limits, the business case must be referred to NHS Improvement (Monitor) or in line with any current guidelines.
   
   c. The proposal must be specifically agreed by the Board.

13.3. **Asset Registers**

13.3.1. The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Chief Finance Officer concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted once a year.

13.3.2. Each Trust shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be determined by the Trust ensuring compliance with NHS Improvement’s (Monitor’s) FT ARM

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

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

13.3.4. 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).

13.3.5. Disposals of protected assets require the approval of NHS Improvement (Monitor).

13.3.6. The Chief Finance Officer shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.

13.3.7. The value of each asset shall be depreciated using methods and rates in accordance with NHS Improvement’s (Monitor’s) FT ARM.

13.3.8. The Chief Finance Officer shall calculate and pay dividends on Public Dividend Capital in accordance with NHS Improvement’s (Monitor’s) FT ARM.
13.4. **Security of Assets**

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

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

   a. recording managerial responsibility for each asset;
   
   b. identification of additions and disposals;
   
   c. identification of all repairs and maintenance expenses;
   
   d. physical security of assets;
   
   e. periodic verification of the existence of, condition of, and title to, assets recorded;
   
   f. identification and reporting of all costs associated with the retention of an asset;
   
   g. reporting, recording and safekeeping of cash, cheques, and negotiable instruments.

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

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

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

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

13.4.7. Private use of Trust assets is not normally permitted. Exceptionally, and with the prior approval of the relevant director, it will be allowed. In all cases the full costs must be reimbursed to the Trust.

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14. Stores and Receipt of Goods

14.1. General position

14.1.1. 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.

14.2. Control of Stores, Stocktaking, condemnations and disposal

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

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

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

14.2.4. Stocktaking arrangements shall be agreed with the Chief Finance Officer and there shall be a physical check covering all items in store at least once a year.

14.2.5. Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Chief Finance Officer.

14.2.6. The designated Manager/Pharmaceutical Officer shall be responsible for a system approved by the Chief Finance Officer for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Chief Finance Officer any evidence of significant overstocking and of any negligence or malpractice (see also overlap with SFI No. 15 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.

14.3. Goods supplied by NHS Supply Chain

14.3.1. The authorised person shall check receipt against the delivery note and report any exceptions to the delegated officer as approved by the Chief Finance Officer. The delegated officer will be responsible for satisfying himself that the goods have been received before accepting the recharge.
15. Disposals and Condemnations, Losses and Special Payments

15.1. Disposals and Condemnations

15.1.1. Procedures
The Chief Finance Officer must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers.

15.1.2. When it is decided to dispose of a Trust asset, the Head of Department or authorised deputy will determine and advise Chief Finance Officer of the estimated market value of the item, taking account of professional advice where appropriate.

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

15.1.4. 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 Chief Finance Officer who will take the appropriate action.

15.2. Losses and Special Payments

15.2.1. Procedures
The Chief Finance Officer must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments. The Chief Finance Officer must ensure that a Counter Fraud Policy is in place that sets out the action to be taken both by persons detecting a suspected fraud and those persons responsible for investigating it.

15.2.2. Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately inform the Chief Executive and the Chief Finance Officer or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform Chief Finance Officer and/or Chief Executive. Where a criminal offence is suspected, the Chief Finance Officer must immediately inform the police if theft or arson is involved. In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the Chief Finance Officer must inform the relevant LCFS and NHS Protect in accordance with NHS Protect’s ‘Standards for Providers’.

The Chief Finance Officer must notify NHS Protect and the External Auditor of all frauds.

15.2.3. For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Chief Finance Officer must immediately notify:
   a. the Board of Directors,
   b. the External Auditor.

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

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

15.2.7. No special payments exceeding delegated limits advised by the Department of Health shall be made without the prior approval of the Board of Directors.

15.2.8. All losses and special payments must be reported to the Audit Committee at every meeting.

16. Information Technology

16.1. Responsibilities and duties of the Chief Finance Officer

16.1.1. The Chief Finance Officer, 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 the Director is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998 and the Computer Misuse Act 1990;

   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 adequate controls exist to maintain security, privacy, accuracy and completeness of financial data sent via transmission networks;

   e. ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as the Director may consider necessary are being carried out.

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

16.1.3. The Chief Executive shall publish and maintain a Freedom of Information (FOI) Publication Scheme, or adopt a model Publication Scheme approved by the Information Commissioner. A Publication Scheme is a complete guide to the information routinely published by a public authority. It describes the classes or types of information about our Trust that we make publicly available.
16.2. Responsibilities and duties of other Directors and Officers in relation to computer systems of a general application

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

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

16.3. Contracts for Computer Services with other health bodies or outside agencies

The Chief Finance Officer shall ensure that contracts for computer services for financial applications with another health organisation or any other agency 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.

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

16.4. Risk Assessment

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

16.5. Requirements for Computer Systems which have an impact on corporate financial systems

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

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

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17. Patients’ Property

17.1. 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.

17.2. 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; **(notices are subject to sensitivity guidance)**
- hospital admission documentation and property records;
- the oral advice of administrative and nursing staff responsible for admissions,

that the Trust will not accept responsibility or liability for patients’ property brought into 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.

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

17.4. Where Department of Health / NHS Improvement (Monitor) instructions require the opening of separate accounts for patients’ moneys, these shall be opened and operated under arrangements agreed by the Chief Finance Officer.

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

17.6. 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.

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

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18. Funds Held on Trust

18.1. General

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

18.2. Accountability to Charity Commission and Secretary of State for Health

(1) The Special Trustee’s responsibilities must be discharged separately and they are accountable to the Charity Commission for charitable funds held on trust and to the Secretary of State for all funds held on trust.

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

18.3. Applicability of Standing Financial Instructions to funds held on Trust

(1) In so far as it is possible to do so, most of the sections of these Standing Financial Instructions will apply to the management of funds held on trust. (See overlap with SFI No 7.17).

(2) 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.

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19. Acceptance of Gifts by Staff and Link to Standards of Business Conduct (see overlap with paragraph 33 of the Constitution)

The Chief Finance Officer 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 circular HSG (93) 5 ‘Standards of Business Conduct for NHS Staff’ and is also deemed to be an integral part of the Standing Orders and these Standing Financial Instructions.

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20. Research & Development

20.1. All research and development activities within the Trust shall be notified to the Medical Director.

20.2. All research and development activities undertaken by the Trust shall be subject to these Standing Orders/ Scheme of Delegation/ Standing Financial Instructions.

20.3. The Chief Finance Officer shall ensure procedures are put in place to ensure that all such activities are properly accounted for and that all funding is utilized appropriately.

21. Retention of Records

21.1. The Chief Executive, through the Director of Planning and Information shall be responsible for maintaining archives for all records required to be retained in accordance with official guidelines.

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

21.3. Records held in accordance with latest Department of Health guidance shall only be destroyed at the express instigation of the Chief Executive. Detail shall be maintained of records so destroyed.

22. Risk Management and Insurance

22.1. Programme of Quality and Risk Management

The Chief Executive shall ensure that the Trust has a programme of quality and risk management, in accordance with the terms of the licence issued by NHS Improvement (Monitor). This programme will be approved and monitored by the Board or Board subcommittee with delegated authority.

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 assist in providing a basis to make an Annual Governance Statement (AGS) within the Annual Report and Accounts as required by current NHS Improvement (Monitor) guidance.

22.2. **Insurance: Risk Pooling Schemes administered by NHSLA**

The Board of Directors shall decide if the Trust will insure through the risk pooling schemes administered by the 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.

22.3. **Insurance arrangements with commercial insurers**

22.3.1. There are three probable areas where the Trust may enter into insurance arrangements with commercial insurers. They are:

a. Trust’s may enter commercial arrangements for insuring motor vehicles owned by the Trust including insuring third party liability arising from their use;

b. where the Trust is involved with a consortium in a Private Finance Initiative contract and the other consortium members require that commercial insurance arrangements are entered into; and

c. where income generation activities take place. Income generation activities should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by the Trust for a NHS purpose the activity may be covered in the risk pool. Confirmation of coverage in the risk pool must be obtained from the Litigation Authority.

22.3.2. In any case of doubt concerning a Trust’s powers to enter into commercial insurance arrangements the Chief Finance Officer should consult NHS Improvement (Monitor).

22.4. **Arrangements to be followed by the Board in agreeing Insurance cover**

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

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

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