

# **EAST KENT HOSPITALS UNIVERSITY NHS FOUNDATION TRUST**

## **STANDING FINANCIAL INSTRUCTIONS (SFI's)**

**Incorporating**

**Reservation of Powers to the Board of Directors**

**and**

**Detailed Scheme of Delegation**

Approved by: Integrated Audit and Governance Committee, 28 April 2023  
Issued By: Chief Finance Officer

## Table of Contents

1 Forward .....	7
2. Terminology.....	8
3. Introduction.....	10
4. Responsibilities and Delegation.....	11
4.1 The Board of Directors .....	11
4.2 The Chief Executive and Chief Finance Officer .....	11
4.3 The Chief Finance Officer .....	12
4.4 Board of Directors and Employees .....	12
4.5 Contractors and their employees.....	12
5. Audit .....	13
5.1 Integrated Audit and Governance Committee.....	13
5.2 Audit responsibilities of Chief Finance Officer .....	14
5.3 Internal Audit.....	15
5.4 External Audit.....	15
5.5 Fraud, Bribery and Corruption .....	16
5.6 Security Management .....	17
5.7 NAO Code of Audit Practice.....	17
6. Financial Targets .....	17
7. Business Planning, Budgets, Budgetary Control and Monitoring .....	18
7.1 Preparation and Approval of Plans and Budgets .....	18
7.2 Budgetary Delegation.....	19
7.3 Budgetary Control and Reporting .....	20
7.4 Capital Expenditure.....	21
7.5 External Performance Information and Monitoring Returns .....	21
7.6 The Trust's Operational Framework and Performance Management Framework.....	21
8. Annual Accounts and Reports .....	21
9 Bank Accounts and Treasury Management .....	22
9.1 General .....	22
9.2 Bank and Paymaster Accounts .....	22
9.3 Banking Procedures.....	22
9.4 Competitive Tender and Review of banking services .....	22
9.5 External Borrowing.....	23
9.6 Investments.....	23
10. Income, Fees/Charges, Security of Cash, Cheques and Negotiable Instruments .....	24
10.1 Income Systems.....	24
10.2 Fees and Charges.....	24
10.3 Debt Recovery .....	25
10.4 Security of Cash, Cheques and other Negotiable Instruments.....	25

## 23/26.5.2 – APPENDIX 1

10.5 Money laundering Regulations .....	25
11. Legally-Binding Contracts for Provision of Services (see SFI 24.6).....	26
11.1 Contracts.....	26
11.2 Involving Partners and jointly managing risk.....	26
11.3 Reports to the Board on contracts.....	27
12. Terms of Service, Allowances and Payment of Directors and Employees.....	27
12.1 Remuneration Committee and Nominations Committee .....	27
12.2 Funded Establishment.....	27
12.3 Staff Appointments.....	27
12.4 Processing Payroll .....	28
12.5 Contracts of Employment .....	29
13. Non-Pay Expenditure (see SFI 24) .....	29
13.1 Delegation of Authority .....	29
13.2 Requisitioning .....	29
13.3 System of Payment and Payment Verification .....	29
13.4 Prepayments.....	30
13.5 Official orders.....	30
13.6 Duties of Managers and Employees.....	31
13.7 Grants to Local Authorities and Voluntary Bodies.....	31
14. Capital Investment, Private Financing, Fixed Asset Registers and Security of Assets .....	32
14.1 Capital Investment .....	32
14.2 Private Finance (see SFI 24.25).....	33
14.3 Asset Registers.....	33
14.4 Security of Assets .....	33
14.5 Protected Assets .....	34
15 Stores and Receipt of Goods.....	35
15.1 General position.....	35
15.2 Control of Stores, Stocktaking, condemnations and disposal .....	35
15.3 Goods supplied by NHS Supply Chain .....	35
16. Disposals and Condemnations, Losses and Special Payments .....	36
16.1 Disposals and Condemnations.....	36
16.2 Losses and Special Payments .....	36
17. Information Technology and Financial Information Systems .....	37
17.1 General.....	37
17.2 Responsibilities and duties of other Directors and Employees in relation to computer systems of a general application.....	38
17.3 Contracts for Computer Services with other health bodies or outside agencies.....	38
17.4 Risk Assessment.....	38
17.5 Requirements for Computer Systems which have an impact on corporate financial systems .....	38
18. Patients' Property .....	39
19. Funds Held on Trust .....	39
19.1 Corporate Trustee .....	39

## 23/26.5.2 – APPENDIX 1

19.2 Accountability to Charity Commission and Secretary of State for Health .....	40
19.3 Applicability of Standing Financial Instructions to funds held on Trust .....	40
20. Acceptance of Gifts by Staff and Link to Standards of Business Conduct .....	40
21. Retention of Records .....	40
22. Risk Management and Insurance .....	40
22.1 Programme of Risk Management .....	40
22.2 Insurance: Risk Pooling Schemes administered by NHS Resolution .....	41
22.3 Insurance arrangements with commercial insurers .....	41
22.4 Arrangements to be followed by the Board in agreeing Insurance cover .....	42
23. Consultation .....	42
24. Tendering, Quotation and Contracting Procedure .....	42
24.1 Duty to comply with Standing Financial Instructions .....	42
24.2 EU Directives Governing Public Procurement .....	43
24.3 EU Public Sector Procurement Regulations 2015 – Procedures .....	43
24.4 Capital Investment .....	43
24.5 General Applicability .....	43
24.6 Purchase of Health Care Services .....	44
24.7 Exceptions and instances where formal quotation and tendering need not be applied .....	44
24.8 Fair and Adequate Competition .....	45
24.9 Items which subsequently breach thresholds after original approval .....	45
24.10 Invitation to tender .....	45
24.11 Receipt and safe custody of tenders .....	45
24.12 Admissibility .....	46
24.13 Late tenders .....	46
24.14 Acceptance of formal tenders .....	46
24.15 Tender reports to the Trust Board .....	47
24.16 Firms invited to tender/quote .....	47
24.17 General Position on quotations (values quoted exclude VAT) .....	48
24.18 Competitive Quotations .....	48
24.19 Non-Competitive Quotations .....	48
24.20 Quotations to be within Financial Limits .....	48
24.21 Authorisation of Tenders and Competitive Quotations .....	49
24.22 Instances where formal competitive tendering or competitive quotation is not required .....	49
24.23 Private Finance for capital procurement (see SFI 14) .....	49
24.24 Compliance requirements for all contracts .....	50
24.25 Personnel and Agency or Temporary Staff Contracts .....	50
24.26 Disposals (See SFI 16) .....	50
24.27 In-house Services .....	51
24.28 Applicability of SFI's on Tendering and Contracting to funds held on trust (see SFI 19) .....	51
24.29 Joint Ventures and Trading Arms .....	51
25 NHSi Framework and Compulsory guidance for Finance and use of resources .....	52
Appendix 1 to Standing Financial Instructions .....	53

## 23/26.5.2 – APPENDIX 1

1. Introduction and Principles of Delegation.....	53
2. Roles and Responsibilities.....	54
2.1 Role of the Chairman .....	54
2.2 Senior Independent Director (SID) .....	54
2.3 Council of Governors .....	55
2.4 Role of the Chief Executive .....	55
2.5 Caution over the Use of Delegated Powers.....	55
2.6 Directors' Ability to Delegate their own Delegated Powers .....	56
2.7 Absence of Directors or Employee to Whom Powers have been Delegated.....	56
3 Reservation of Powers to the Board of Directors .....	56
3.1 Introduction .....	56
3.2 General Enabling Provision .....	56
3.3 Functions and Duties of the Board of Directors .....	57
3.4 Regulation and Control.....	57
3.5 Appointments and Remuneration .....	58
3.6 Strategy, Policy Determination, Plans and Budgets.....	58
3.7 Direct Operational Decisions .....	59
3.8 Financial and Performance Reporting Arrangements .....	59
3.9 Audit Arrangements .....	60
3.10 Corporate Governance Matters .....	60
4 Delegation of Powers.....	61
4.1 Delegation to Committees .....	61
4.2 Delegation derived from Accounting Officer Memorandum.....	61
5 Scheme of Delegation to Employees .....	61
6 Scheme of Delegation Implied by: .....	62
6.1 NHS Foundation Trust Accounting Officer Memorandum .....	62
6.2 Scheme of Delegation from Standing Orders .....	67
6.3 Scheme of Delegation from Standing Financial Instructions.....	68
EAST KENT HOSPITALS UNIVERSITY NHS FOUNDATION TRUST .....	70
<b>Appendix 2 to Standing Financial Instructions .....</b>	<b>70</b>
<b>Detailed Scheme of Delegation .....</b>	<b>70</b>
Schedule A: Requisitioning and payment of invoices – revenue (Budget Holders).....	71
Schedule B: Signing orders and contracts .....	72
Schedule C: Capital.....	73
Schedule D: Quotation, Tendering and Contract Procedures .....	74
Schedule E: Business Case Delegated Authority:.....	76
1. Management of budgets .....	77
2. Bank accounts .....	77
3. Setting of fees and charges .....	77
4.1 Engagement of Temporary Staff .....	77
4.2 Trust's Solicitors .....	78
5. Agreements and licences .....	78

## 23/26.5.2 – APPENDIX 1

6. Condemning and Disposal.....	78
7. Losses and Special Payments.....	79
8. Reporting of incidents to the Local Counter Fraud Specialist.....	80
9. Petty Cash.....	80
10. Receiving Hospitality .....	80
11. Implementation of internal and external audit recommendations.....	81
12. Maintenance and update of Trust Standing Financial Instructions .....	81
13. Investment of Charitable Funds .....	81
14. Personnel and Pay .....	81
15. Authorisation of new drugs where no specific source of funding or income has been identified .....	83
16. Authorisation of Sponsorship Deals .....	83
17. Authorisation of funded Research Projects .....	83
18. Authorisation of Clinical Trials.....	83
19. Insurance Policies and Risk Management .....	83
20. Patients and relatives complaints.....	83
21. Relationships with Press.....	84
22. Infectious Diseases & Notifiable outbreaks .....	84
23. Patient Services.....	84
24. Review of Fire precautions .....	84
25. Review of all statutory compliance legislation and Health and Safety requirements including control of Substances Hazardous to Health Regulations.....	84
26. Review of Medicines Inspectorate Regulations.....	84
27. Review of compliance with environmental regulations, for example those relating to clean air and waste disposal .....	84
28. Information Governance including Data Protection, Data Security and Caldicott Guardian arrangements .....	84
29. Retention of Records: .....	85
30. Monitor proposals for contractual arrangements between the Trust and outside bodies .....	85
31. The keeping of a Declaration of Interests Register .....	85
32. Attestation of Sealings in accordance with Standing Orders .....	85
33. The keeping of a register of Sealings.....	85
34. The keeping of the Gifts and Hospitality Register .....	85
35. Clinical Audit: ensuring programme of risk management includes clinical audit .....	85
36. Control of Stores.....	85

**Note: This document should be read in conjunction with the Trust's Standing Orders which are part of the Trust Constitution and can be found on the Trust website at <http://www.ekhuft.nhs.uk/patients-and-visitors/about-us/documents-and-publications/statements-and-declarations>**

## 23/26.5.2 – APPENDIX 1

### 1 Forward

- 1.1 The East Kent Hospitals University NHS Foundation Trust is a public benefit corporation which was established on 1st March 2009 under the Health & Social Care (Community Health & Standards) Act 2003 subsequently consolidated into Chapter 5 of the National Health Service Act 2006. NHS Foundation Trusts are governed by a range of statutes, including the National Health Service and Community Care Act 1990 (NHS & CC Act 1990), the National Health Service Act 1977 (NHS Act 1977) and the Health and Social Care Act 2012. The statutory functions conferred on the Trust are set out in the NHS & CC Act 1990 (Schedule 2), Chapter 5 of the National Health Service Act 2006 and the Trust's Constitution.
- 1.2 As a public benefit corporation, the Trust has specific powers to do anything which appears to be necessary or desirable for the purposes of, or in connection with, its functions. In this respect it is accountable to the Charity Commission for those funds deemed to be charitable. The Trust also has a common law duty as a bailee for patients' property held by the Trust on behalf of patients.
- 1.3 The Membership and Procedure Regulations 1990 (SI (1990)2024) require Trusts to adopt Standing Orders (SO's) for the regulation of their procedures and business whilst the "Directions on Financial Management in England" issued under HSG (96)12 in 1996, require Health Authorities to adopt Standing Financial Instructions (SFI's) setting out the responsibilities of individuals. These Directions are not mandatory on NHS Foundation Trusts but are being observed, as far as they are relevant, as a matter of good practice.
- 1.4 In addition the Code of Accountability for NHS Boards (published by the Department of Health in April 1994) requires Boards to draw up SO's, a Schedule of Decisions Reserved to the Board and SFI's. The Code also requires Boards to ensure that there are management arrangements in place to enable responsibility to be clearly delegated to senior executives. Additionally, the East Kent Hospitals University NHS Foundation Trust's Board of Directors has in place locally generated rules and instructions, including financial procedural notes, for use within the Trust. Collectively these must comprehensively cover all aspects of financial management and control of resources. In effect, they set the business rules which directors and employees (including employees of third parties contracted to the Trust) must follow when taking action on behalf of the Board.
- 1.5 The Code of Accountability requires that each Foundation Trust shall give, and may vary or revoke, SFI's for the regulation of the conduct of its directors and employees in relation to all financial matters with which they are concerned. These SFI's are issued in accordance with the Code. They shall have effect as if incorporated in the Board of Directors' SO's

## 23/26.5.2 – APPENDIX 1

### 2. Terminology

2.1 Any expression to which a meaning is given in the Health Service Acts or in the Financial Directions made under the Acts shall have the same meaning in these SFI's and in addition:

"2006 Act" refers to the National Health Service Act 2006.

"2012 Act" refers to the Health and Social Care Act 2012.

"Accounting 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.

"Integrated Audit and Governance Committee" means the Integrated Audit & Governance Committee which is a statutory committee of the Board of Directors.

"Authorisation Agreement" refers to the document issued by the Regulator at the inception of the Trust authorising it to operate as a Foundation Trust in accordance with Chapter 5 of the NHS Act 2006.

"Board" means the Board of Directors of the Trust as set out in the Constitution and consisting of a Chairman and Non-executive directors (appointed by the Council of Governors) and the Executive Directors, appointed by the non-executive directors and (except for his own appointment) by the Chief Executive.

"Budget" means a resource, expressed in financial terms, proposed by the Board for the purpose of carrying out, for a specific period, any or all of the functions of the Trust.

"Budget holder" means the director or employee with delegated authority to manage finances (Income and Expenditure) for a specific area of the organisation.

"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 Deputy Chairman of the Trust if the Chairman is absent from the meeting or is otherwise unavailable.

"Chief Executive" means the chief officer/accounting officer of the Trust.

"Commissioning" means the process for determining the need for and for obtaining the supply of healthcare and related services, whether by the Trust (within available resources) or from the Trust by purchasers (i.e. Commissioners) of NHS Care.

"Committee" means any committee or sub-committee established by the Council of Governors or the Board of Directors for the purposes of fulfilling its functions.

"Constitution" means the document of that name approved by the Board of Directors and the Council of Governors which describes the operation of the Foundation Trust.

"Council of Governors" means the body of elected and appointed governors, authorised to be members of the Council of Governors meeting in public, presided over by a Chairman, acting as a collective body accordance with the Constitution.

"Deputy Chairman" means the non-executive director appointed by the Council of Governors to take on the Chairman's duties if the Chairman is absent for any reason.

"Chief Finance Officer" means the Chief Finance Officer who is the Director of Finance of the Trust.



## 23/26.5.2 – APPENDIX 1

“Funds held on trust” shall mean those funds which the Trust holds at the date of incorporation, receives on distribution by statutory instrument or chooses subsequently to accept under powers derived under Pt. 11, Chap 2 of the NHS Act 2006. Such funds may or may not be charitable.

“Governor” shall mean a member of the Council of Governors whether elected or appointed to the Council of Governors in accordance with the Constitution.

“Legal advisor” means the properly qualified person engaged by the Trust to provide legal advice.

“Mandatory services” are those services which the Regulator has deemed it compulsory that the Trust provides, as listed in the Authorisation Agreement.

“NHS Improvement” is the operational name for the organisation that brings together Monitor, NHS Trust Development Authority, Patient Safety (including the National Reporting and Learning System), Advancing Change Team and Intensive Support Teams and is responsible for overseeing Foundation Trusts and NHS Trusts as well as independent providers that provide NHS funded care

"Nominated employee" means an employee charged with the responsibility for discharging specific tasks within SO's and SFI's.

“Non-Executive Director” means a person appointed as a Non-Executive Director of the Trust under paragraphs 15 to 19 (inclusive) of Schedule 7 of the NHS Act 2006 and in accordance with paragraphs 21/22 of the Constitution.

“Provider Licence” means the Licence of the Trust issued by Monitor (now NHSI) with any amendments for the time being in force.

"SFI's" means Standing Financial Instructions.

"SO's" mean Standing Orders as constituted under the Trust's Licence Conditions.

"Trust" means the East Kent Hospitals University NHS Foundation Trust.

"Trust 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, the Chairman and the Council of Governors and to monitor the Trust's compliance with the law, SO's, the Constitution, Licence conditions, statutory provisions and guidance and direction given by NHS Improvement.

- 2.2 Wherever the title Chief Executive, Chief Finance Officer or other nominated employee is used in these instructions it shall be deemed to include such other director or employee that has been duly authorised to represent them.
- 2.3 Wherever the term “employee” is used and where the context permits, it shall be deemed to include employees of third parties contracted to the Trust when acting on behalf of the Trust.

## 23/26.5.2 – APPENDIX 1

- 2.4 The Trust has established a wholly owned subsidiary, 2gether Support Solutions Ltd, (2gether) as a Property Facilities Management Company that will provide an Operated Healthcare Facility (OHF) to the Trust. Under the supporting agreements the Trust has made available the supply of assets to 2gether from which 2gether provides a fully functioning building or facility within which medical and nursing professionals can treat and care for their patients. Under the OHF, 2gether makes available to the Trust the properties from which the Trust will deliver its NHS clinical services. As a wholly owned subsidiary 2gether has developed a simplified version of the Trust's SFI's incorporating a scheme of delegation with delegated authority to officers of equivalent seniority as specified by the Trust.
- 2.5 "Procurement Services" are currently provided to the Trust under contract by 2gether.
- 2.6 The approved SFI's for 2gether Support Solutions is included as an appendix to this document. Where the Foundation Trust SFI's refer to "2gether Nominated Officer" this can then be referenced in that Appendix.

### 3. Introduction

- 3.1 Save as otherwise permitted by law, at any meeting the Chairman of the Board of Directors shall be the final authority on the interpretation of SO's (on which they should be advised by the Chief Executive or Secretary to the Board).
- 3.2 These SFI's 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 and the sector regulator's policies, 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.
- 3.3 The Single Oversight Framework details how NHS Improvement oversees and supports all NHS Trusts. Additional financial guidance is included in The NAO's Code of Audit Practice, and the Department of Health & Social Care Group Accounting Manual (DHSC GAM), all as updated, replaced or superseded from time to time. Other relevant guidance may also be issued.
- 3.4 These SFI's identify the financial responsibilities which apply to everyone working for the Trust and its constituent organisations including Trading Units. They do not provide detailed procedural advice. These SFI's should therefore be read in conjunction with the Trust's detailed corporate policy documents, financial procedures and any departmental procedure notes. All financial procedures must be reviewed by the Chief Finance Officer before being approved in line with the Policy for the Development and Management of Organisation Wide Policies and Other Procedural Documents.
- 3.5 Should any difficulties arise regarding the interpretation or application of any of the SFI's then the advice of the Chief Finance Officer must be sought before acting. The user of these SFI's should also be familiar with and comply with the provisions of the Trust's SO's.
- 3.6 Failure to comply with the Scheme of Delegation, SFI's and SO's can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.
- 3.7 Overriding SFI's – If for any reason these SFI's 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 Integrated Audit and Governance Committee for referring action or ratification. All directors and employees have a duty to disclose any non-compliance with these SFI's to the Chief Finance Officer as soon as possible.
- 3.8 Employees of the Trust should note that the Scheme of Delegation, SFI's and SO's do not contain every legal obligation applicable to the Trust. The Trust and each employee of the Trust must comply with all requirements of legislation (which shall mean any statute, subordinate or secondary legislation, any enforceable community right within the meaning of section 2(1) European Community Act 1972 and any applicable judgment of a relevant court of law which is a binding precedent in England) and all guidance and directions binding on the Trust. Legislation, guidance

## **23/26.5.2 – APPENDIX 1**

and directions will impose requirements additional to the Scheme of Delegation, SFI's and SO's. All such legislation and binding guidance and directions shall take precedence over the Scheme of Delegation, SFI's and SO's which shall be interpreted accordingly.

### **4. Responsibilities and Delegation**

#### **4.1 The Board of Directors**

4.1.1 The Board exercises financial supervision and control by:

- (a) Formulating the financial strategy;
- (b) Requiring the submission and approval of budgets and annual financial plans;
- (c) Defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money); and
- (d) Defining specific responsibilities placed on directors and employees as directed in the Scheme of Delegation document.

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

4.1.3 All other powers have been delegated to such other committees as the Trust has established, or directly to an executive director. Full details of Reserved matters and Delegated powers are set out in the Trust's Scheme of Delegation.

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

#### **4.2 The Chief Executive and Chief Finance Officer**

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

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

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

## **23/26.5.2 – APPENDIX 1**

### **4.3 The Chief Finance Officer**

4.3.1 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;
- (d) ensuring that good financial practice is followed in accordance with accepted professional standards and advice received from internal and external auditors;
- (e) referring all cases of fraud to the Local Counter Fraud Specialist;

and, without prejudice to any other functions of the Trust, and employees of the Trust, the duties of the Chief Finance Officer include:

- (f) the provision of financial advice to the Board of Directors, employees and the Council of Governors;
- (g) the design, implementation and supervision of systems of internal financial control; and
- (h) the preparation and maintenance of such accounts, certificates, estimates, records and reports as the Trust may require for the purpose of carrying out its statutory duties.

### **4.4 Board of Directors and Employees**

4.4.1 All directors and employees, individually and collectively, are responsible for:

- (a) the security of the property of the Trust;
- (b) avoiding loss;
- (c) exercising economy and efficiency in the use of resources;
- (d) conforming with the requirements of SO's, SFI's, Financial Procedures and the Scheme of Delegation; and
- (e) reporting suspected theft, fraud or bribery to the Chief Finance Officer.

### **4.5 Contractors and their employees**

4.5.1 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.

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

4.5.3 Where services are outsourced by the Trust, the Chief Finance Officer should be assured that the outsourced agent has suitable systems and control mechanisms in place

## 5. Audit

### 5.1 Integrated Audit and Governance Committee

- 5.1.1 In accordance with Schedule 7 (paragraph 23) of the 2006 Act and both the Trust's Constitution and SO's, the Board of Directors shall formally establish the Integrated Audit and Governance Committee of Non-Executive directors, with clearly defined terms of reference and will follow guidance from the NHS Audit Committee Handbook, the NHS Integrated Governance Handbook, National Audit Office Code of Audit Practice, the Code of Governance and Compliance Framework. The Committee will perform such monitoring, review and other functions as are appropriate. In particular the Audit Committee will scrutinise and review the Trust's systems of governance, risk management and internal control by:
- (a) monitoring and reviewing the effectiveness of the Trust's Internal Audit function and counter-fraud / bribery arrangements, including approval and review of annual audit plans;
  - (b) monitoring the integrity of the financial statements and formal announcements relating to financial performance, and reviewing significant financial reporting judgments;
  - (c) reviewing the Trust's internal controls (clinical and financial) and risk management systems;
  - (d) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process
  - (e) Approving the annual audit plan and arrangements for the auditor to supply non-audit services; and
  - (f) reviewing arrangements by which Trust staff may raise concerns.
- 5.1.2 Where the Integrated Audit and Governance 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 Chair of the Committee should raise the matter at a full meeting of the Board of Directors. Exceptionally, the matter may be brought to the attention of the Regulator (to the Chief Finance Officer in the first instance) and the Council of Governors.
- 5.1.3 It is the responsibility of the Chief Finance Officer to ensure that an adequate Internal Audit service is provided and the Integrated Audit and Governance Committee shall be involved in the selection process when an Internal Audit service provider is changed.
- 5.1.4 The Integrated Audit and Governance Committee has a responsibility for assessing the external (financial) auditors on an annual basis, both in terms of the quality of their work and the reasonableness of their fees. The Committee is then responsible for making a recommendation to the Council of Governors with regard to their reappointment or otherwise.

## 23/26.5.2 – APPENDIX 1

### 5.2 Audit responsibilities of Chief Finance Officer

5.2.1 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 as defined within NAO Code of Audit Practice and Public Sector Internal Audit Standards in conjunction with NHS Counter Fraud Authority, deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption (as defined in the Trust's Anti-Fraud Policy);
- (c) ensuring that an annual Internal Audit report is prepared for the consideration of the Integrated Audit and Governance 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;
  - (ii) major internal financial control weaknesses discovered;
  - (iii) progress on the implementation of internal audit recommendations;
  - (iv) progress against plan over the previous year;
- (d) ensuring that a 3-year strategic internal audit plan is prepared for the consideration of the Integrated Audit and Governance Committee and the Board; and
- (e) ensuring that an annual Internal Audit Plan is produced for consideration by the Integrated Audit and Governance Committee and the Board, which sets out the proposed activities for the coming year.
- (f) Only the Chief Finance Officer may commission the procurement of internal audit services (including services akin to internal audit services), having sought the approval of the Audit & Risk Assurance Committee.

5.2.2 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 Trust land, premises or to directors and employees of the Trust;
- (c) the production of any cash, stores or other property of the Trust under the control of a director or an employee; and
- (d) explanations concerning any matter under investigation.

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

## 23/26.5.2 – APPENDIX 1

### 5.3 Internal Audit

- 5.3.1 In accordance with the requirements of the Accounting Officer Memorandum issued by the Regulator, the Trust is required to establish an independent and objective Internal Audit function. It is the responsibility of the Chief Finance Officer to ensure that this function is in place and operates efficiently and effectively, and accords with the objectives, standards and practices set out in the NAO Code of Audit practice and Public Sector Internal Audit Standards.
- 5.3.2 Internal Audit primarily provides an independent and objective opinion to the Accounting Officer, the Board of Directors, and the Integrated Audit and Governance Committee on risk management, control, and governance (by measuring and evaluating their effectiveness in achieving the organisation's agreed objectives) and to the External Auditor on financial systems and records used to prepare the annual accounts.
- 5.3.3 To fulfil these functions, Internal Audit will undertake a systematic review in accordance with the agreed annual internal audit plan. This will include a review of the overall arrangements the Board itself has in place for securing adequate assurances, and will provide an opinion on those arrangements to support the Annual Governance Statement. This will entail reviewing the way the Board has identified objectives, risks, controls and sources of assurance on these controls, and assessed the value of assurances obtained.
- 5.3.4 In addition, Internal Audit will provide specific assurances on the areas covered in the Internal Audit Plan as approved by the Integrated Audit and Governance Committee, and will work alongside other professionals wherever possible to advise on systems of control and assurance arrangements. This is a distinct role, quite different to reviewing and commenting on the reliance of the assurances themselves, which is the responsibility of the Board
- 5.3.5 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; and
    - (iii) poor value for money or other causes.
  - (e) Internal Audit shall also independently verify the Assurance Statements in accordance with guidance from NHS Improvement.
  - (f) Internal Audit shall review the Board Assurance Framework
- 5.3.6 The Head of Internal Audit or Internal Audit provider will normally attend Integrated Audit and Governance Committee meetings and has a right of access to all Committee members, the Chairman and Chief Executive of the Trust.
- 5.3.7 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 Integrated Audit and Governance Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the Public Sector Internal Audit Standards. The reporting system shall be reviewed at least every three years.

### 5.4 External Audit

- 5.4.1 The Trust is required to have an external auditor and is to provide such information and facilities as are necessary for the auditor to fulfil their responsibilities under Chapter 5 of the 2006 Act. The external auditor is appointed by the Council of Governors on the recommendation of the Integrated Audit and Governance Committee



## 23/26.5.2 – APPENDIX 1

- 5.4.2 Under Schedule 7 (paragraph 23) of the 2006 Act, and the Trust's Constitution, it is the responsibility of the Council of Governors at a General Meeting to appoint or remove the external auditor on behalf of the Trust. As part of the appointment process, the Trust must ensure that the auditors meet the selection criteria set out in NAO Code of Audit practice
- 5.4.3 Subject to annual assessment by the Integrated Audit and Governance Committee, the Council of Governors may re-appoint the external auditor for the following year without the need for a formal selection process. However in accordance with the NAO Code of Audit Practice and Department of Health & Social Care "Guidance on the local procurement of External Auditors for NHS Trusts and ICBs", a market testing exercise will be undertaken as a minimum every five years.
- 5.4.4 Under the NAO Code of Audit Practice, an External Auditor may, with the approval of the Council of Governors, provide the Trust with services outside the scope of the audit (see 5.4.5 below). Before engaging the auditor for additional services this will be reported to the Integrated Audit and Governance Committee for approval, or if timing precludes this, then it will be agreed jointly by the Chair of the Integrated Audit and Governance Committee and the Chief Finance Officer, and reported to the next meeting of the Committee.
- 5.4.5 The NAO have issued a guidance note (AGN01) in December 2016 (updated December 2017) outlining new requirements in relation to procuring non audit services provided by the External Auditor. The detail is included in the trust "policy for procuring non-core audit services" but in essence the new requirements place a cap on the value of non-audit services that can be provided to the Trust that these cannot exceed 70% of the total fee for all audit work carried out under the code in any one year.
- 5.4.6 The Integrated Audit and Governance Committee must ensure a cost-efficient service. If there are any problems relating to the service provided by the External Auditor, then this should be raised with the External Auditor and referred on to the Council of Governors if the issue cannot be resolved.

### 5.5 Fraud, Bribery and Corruption

- 5.5.1 In line with their responsibilities as set out in HSG(96)12 and the Trust Anti-Fraud, Bribery and Corruption Policy, the Chief Executive and Chief Finance Officer shall monitor and ensure compliance with directions issued by NHS Protect "Standards for Providers, Fraud, Bribery and Corruption" and NHS England's "Managing conflicts of Interest in the NHS – Guidance for Staff and Organisations".
- 5.5.2 The Trust shall nominate a suitably qualified person or provider to carry out the duties of the Local Counter Fraud Specialist as specified in the NHS Protect standards.
- 5.5.3 The Bribery Act 2010 outlines corporate and individual offences as defined within these SFI's (24.1.4). All staff and contractors should be made aware of the Act to ensure compliance. Any breach of the Act may result in criminal proceedings.
- 5.5.4 The Local Counter Fraud Specialist shall report to the Chief Finance Officer and shall work with staff in the NHS Counter Fraud Authority in accordance with NHS Protects Standards.
- 5.5.5 The Chief Finance Officer should also prepare a "Counter Fraud Policy and Response Plan" that sets out the action to be taken both by persons detecting a suspected fraud and those persons responsible for investigating it.
- 5.5.6 The Local Counter Fraud Specialist will attend the Integrated Audit and Governance Committee meetings when necessary and has a right of access to all Committee members, the Chair and Chief Executive of the Foundation Trust.
- 5.5.7 The Local Counter Fraud Specialist will provide a written report to the Integrated Audit and Governance Committee, at least annually, on counter fraud work within the Trust.



## **23/26.5.2 – APPENDIX 1**

### **5.6 Security Management**

- 5.6.1 In line with his responsibilities, the Trust Chief Executive will monitor and ensure compliance with Directions issued by the Secretary of State for Health on NHS security management.
- 5.6.2 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 guidance on NHS security management.
- 5.6.3 The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the Director of Strategic Development and Capital Planning and the appointed Local Security Management Specialist (LSMS).

### **5.7 NAO Code of Audit Practice**

- 5.7.1 The Trust has a responsibility, under its Licence conditions, to comply with the NAO Code of Audit Practice Trusts as approved by the Regulator. The Chief Executive has overall responsibility for ensuring compliance with the Code.

## **6. Financial Targets**

- 6.1 The Trust is required to meet such financial targets as are specified by the Regulator, either under the terms of the initial Authorisation agreement or subsequently. These specifically include the requirement to ensure that income from the supply of NHS funded goods and services are greater than income from other sources.
- 6.2 Whilst there is no specific target regulating overall revenue performance in Foundation Trusts (e.g. a requirement to break-even year on year), the Regulator has the power to intervene in the Trust's affairs and potentially to place the Trust in Special Administration where financial viability is seriously compromised.
- 6.3 The Chief Executive has overall executive responsibility for the Trust's activities and in this capacity is responsible for ensuring that the Trust maintains its financial viability and meets any specific financial targets set by the Regulator. In this capacity the Chief Executive is responsible for setting appropriate internal targets in order to ensure financial viability

## **23/26.5.2 – APPENDIX 1**

6.4 The Chief Finance Officer is responsible for:

- (a) advising the Board and Chief Executive on progress in meeting these targets, recommending corrective action as appropriate;
- (b) ensuring that adequate systems exist internally to monitor financial performance;
- (c) managing the cash flow and external borrowings of the Trust in order to remain within HM Treasury “Managing Public Money” guidelines; and
- (d) providing the Regulator with such financial information as is necessary to monitor the financial viability of the Trust.

## **7. Business Planning, Budgets, Budgetary Control and Monitoring**

### **7.1 Preparation and Approval of Plans and Budgets**

7.1.1 Under the terms of Schedule 7 (paragraph 26) of the 2006 Act and its Constitution, the Trust is required to provide the Secretary of State with information concerning its forward plans for each financial year. In this respect, the Council of Governors is responsible for providing the Board with its views on those forward plans when they are being prepared and the Board correspondingly has a duty to consult them. The Chief Executive will therefore compile and submit to the Board an Annual Plan which takes into account financial targets and forecast limits of available resources. The 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;
- (c) all requirements defined within the Single Oversight Framework for NHS Providers and Annual Plan advice as issued; and
- (d) information about activities other than the provision of goods and services for the purpose of the Health Service in England, and the income to be generated therefrom, and the percentage such income bears to total planned income; the Trust has a legal duty to ensure that such income in total is lower than income from the supply of NHS-funded goods and services.

7.1.2 With regard to clause 7.1.1 (d) and prior to submission of the Plan, the Council of Governors must determine whether it is satisfied that the carrying on of these activities will not to any significant extent interfere with the fulfilment by the Trust of its principle purpose or the performance of its other functions. A proposed increase of 5% or more in such income in any financial year (compared to total planned income) shall be put to the vote and may be implemented only if more than 50% of the Governors that voted to approve.

7.1.3 Once approved, the Chief Executive will be responsible for submitting the Business Plan to the Secretary of State via NHS Improvement. The Chief Executive is also responsible for ensuring on behalf of the Board that the Council of Governors is consulted on any significant changes to the Business Plan in year.

## 23/26.5.2 – APPENDIX 1

- 7.1.4 Prior to the start of the financial year the Chief Finance Officer will, on behalf of the Chief Executive, prepare and submit budgets for approval by the Board. Such budgets will:
- (a) be in accordance with the aims and objectives set out in the Annual Plan;
  - (b) accord with workload and manpower plans;
  - (c) be produced following discussion with appropriate budget holders;
  - (d) be prepared within the limits of forecast income and cash;
  - (e) identify all sources of those funds; and
  - (f) identify potential risks.
- 7.1.5 The Chief Finance Officer shall monitor financial performance against budget and plan, periodically review them, and report to the Board.
- 7.1.6 All budget holders must provide information as required by the Chief Finance Officer to enable budgets to be compiled. All budget holders will sign up to their allocated budgets at the commencement of each financial year. Care Group Directors will be required to prepare and sign off Care Group business plans
- 7.1.7 The Chief Finance Officer has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage successfully.

### 7.2 Budgetary Delegation

- 7.2.1 The Chief Finance Officer (on behalf of the Chief Executive) may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:
- (a) the amount of the budget and the staffing levels associated with the budget;
  - (b) the purpose(s) of each budget heading;
  - (c) individual and group responsibilities;
  - (d) authority to exercise virement;
  - (e) achievement of planned levels of service; and
  - (f) the provision of regular reports.

The Detailed Scheme of Delegation is contained within Appendix 2 of this document.

- 7.2.2 **Budget Holders do not have authority to exceed their budgets.** Expenditure is authorised by the Chief Executive and delegated budget holders must not exceed the budgetary total or virement limits set by the Board. It is the responsibility of budget holders to maintain income and expenditure within budgetary limits. If it becomes apparent that this may not be possible, budget holders must notify their line manager and the relevant Care Group Finance Lead. If the Care Group Finance Lead is also of the opinion that there may be an income shortfall or expenditure overspend, the budget holder must then advise the Chief Finance Officer of the risk and proposed corrective action.
- 7.2.3 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Executive, subject to any authorised use of virement.
- 7.2.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Finance Officer (on behalf of the Chief Executive).

## 23/26.5.2 – APPENDIX 1

### 7.3 Budgetary Control and Reporting

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

- (a) monthly financial reports to the Board and/or designated Board Committee e.g. Finance and Performance Committee (FPC) in a form approved by the Board containing:
  - a. income and expenditure to date showing trends and forecast year-end position;
  - b. movements in working capital;
  - c. movements in cash and capital;
  - d. capital project spend and projected outturn against plan;
  - e. explanations of any material variances from plan; and
  - f. details of any corrective action where necessary and the Chief Executive's and/or Chief Finance Officer's view of whether such actions are sufficient to correct the situation.
- (b) the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;
- (c) investigation and reporting of variances from financial, workload and manpower budgets;
- (d) monitoring of management action to correct variances; and
- (e) arrangements for the authorisation of budget transfers.

7.3.2 Each Budget Holder is responsible for ensuring that:

- (a) they remain within their budget allocation;
- (b) any likely overspending on expenditure or reduction of income which cannot be met by virement within Care Groups is not incurred without the prior consent of the Board;
- (c) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement;
- (d) no permanent or fixed-term contract employees are appointed without the approval of the Chief Executive or formally-constituted Trust-wide recruitment panel taking account of available resources and the manpower establishment as approved by the Board;
- (e) that any proposal to increase revenue or capital spending has an appropriate funding stream, follows the formal process set out in the Trust's Business Case Policy for any proposed service development, and has been agreed by the Chief Executive and signed off by the Chief Finance Officer or any Trust Committee to whom this role has been delegated e.g. Strategic Investment Group (SIG) This applies to all revenue or capital developments whether part of Annual Business Plan discussions or separate business case initiatives, however funded; and
- (f) they identify and implement cost improvements income generation initiatives in accordance with the requirements of the approved budget.

7.3.3 The Chief Executive is responsible for identifying and implementing cost improvements, income generation initiatives and other efficiency/ productivity improvements in accordance with the requirements of the Annual Plan and a balanced budget.

7.3.4 The Chief Finance Officer is responsible for advising the Chief Executive and the Board on the financial consequences of any changes in policy, pay awards and other events impacting on budgets and will also advise on the financial implications of future plans and developments proposed by the Trust.

Further guidance on the responsibilities of budget holders is contained in the [Financial Management and Control of Resources Policy](#)

## **23/26.5.2 – APPENDIX 1**

### **7.4 Capital Expenditure**

7.4.1 The general rules applying to delegation and reporting contained in section 5 of the SFI’s “Detailed Scheme of Delegation” shall also apply to capital expenditure. The Trust has delegated the responsibility for delivery of the approved capital programme to its wholly owned subsidiary, 2gether, given the majority of the Trust’s assets are maintained as part of the OHF. The exceptions are IT and directly managed schemes. The Trust Scheme of Delegation plus 2gether’s implied SFI’s, take account of these arrangements.

### **7.5 External Performance Information and Monitoring Returns**

7.5.1 The Chief Executive, on behalf of the Trust, is responsible for providing the Regulator with such information as is necessary to monitor compliance with the terms of the Authorisation agreement.

7.5.2 The Chief Executive, on behalf of the Trust, is also responsible for ensuring that the Trust contributes to standard national NHS data flows which are required for NHS policy development/ funding.

### **7.6 The Trust’s Operational Framework and Performance Management Framework**

7.6.1 The Trust’s Performance Management Framework and the Operational Framework describes how the Care Groups are performance managed. The Framework enables Care Groups to earn autonomy giving greater freedom and authority to develop services. Care Groups are managed according to the level of performance achieved in each of seven domains, aligned to the Trust’s Strategic and Annual Objectives, covering Quality (Patient Safety; Effectiveness; Patient Experience), Valuing People, Innovation, Access & Productivity and Finance. Each domain has a named Executive Director.

## **8. Annual Accounts and Reports**

8.1 In accordance with Schedule 7 (paragraph 25) of the 2006 Act and the Trust’s Constitution, the Trust must keep accounts, and in respect of each financial year must prepare annual accounts, in such form as the Regulator may, with the approval of the Secretary of State, direct. The Chief Finance Officer, on behalf of the Trust, will:

- (a) prepare annual accounts in accordance with the Regulator’s Group Accounting Manual (GAM) and any other NHSI guidance, the Trust’s accounting policies, and International Financial Reporting Standards;
- (b) prepare and submit annual accounts to the Board and an audited summary of the main Financial Statements to an annual members meeting convened by the Council of Governors, certified in accordance with current guidelines; and
- (c) ensure that a copy of the annual accounts, and any report of the external (financial) auditor thereon, is laid before Parliament and sent to the Regulator.

8.2 The annual accounts should, in accordance with the requirements set out in the Accounts Direction, include an Annual Governance Statement within the financial statements.

8.3 The Trust’s annual accounts must be audited by an external (financial) auditor appointed by the Council of Governors and be presented at the annual members’ meeting.

8.4 In accordance with Schedule 7 (paragraph 26) of the 2006 Act, the Trust will also prepare an annual report which, after approval by the External Auditor and the Board of Directors, will be presented to the Council of Governors. It will then be submitted to parliament and the Regulator, published and made available to the public. The annual report will comply with the ARM for NHS Foundation Trusts issued each year by NHSI.

8.5 The Trust is to comply with any decision that the Regulator may make as to the form of the annual report, the timing of its submission and the period to which it relates.

8.6 The Chief Nurse and Director of Quality/ Medical Director/ Chief Operating Officer, on behalf of the Trust, will prepare an annual Quality Report (including the Quality Account) in such form and engaging in such external consultations as the Regulator may direct.

## **9 Bank Accounts and Treasury Management**

### **9.1 General**

- 9.1.1 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 by the Regulator. The Trust will operate in line with its Treasury Policy.
- 9.1.2 The Board shall approve the banking arrangements and the level of Working Capital Facility (if any). Approval and execution of Facility Agreements is delegated to the Chief Finance Officer or Chief Executive Officer following the Trust Board approval.

### **9.2 Bank and Paymaster Accounts**

- 9.2.1 The Chief Finance Officer is responsible for:
- (a) commercial and Government bank accounts;
  - (b) establishing separate bank accounts for the Trust's charitable funds
  - (c) ensuring payments made from bank accounts do not exceed the amount credited to the account except where arrangements have been made; and
  - (d) reporting to the Board all arrangements made with the Trust's bankers for accounts to be overdrawn.
- 9.2.2 No employee other than the Chief Finance Officer will open any bank account in the name of the Trust (or relating to any activities of the Trust).

### **9.3 Banking Procedures**

- 9.3.1 The Chief Finance Officer will prepare detailed instructions on the operation of bank and Paymaster accounts which must include:
- (a) the conditions under which each bank account is to be operated; and
  - (e) those authorised to sign cheques or other orders drawn on the Trust's accounts.
- 9.3.2 The Chief Finance Officer must advise the Trust's bankers in writing of the conditions under which each account will be operated.

### **9.4 Competitive Tender and Review of banking services**

- 9.4.1 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.
- 9.4.2 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 Government Banking Service accounts.



## **23/26.5.2 – APPENDIX 1**

### **9.5 External Borrowing**

- 9.5.1 As a Foundation Trust, the Trust generally has freedom to access working capital (i.e. borrow externally) subject to three constraints:-
- (a) availability of Secretary of State loans and/or additional Public Dividend capital;
  - (b) prohibition on the use of protected assets as security for borrowing; and
  - (c) any additional degree of scrutiny required by financial institutions.
- 9.5.2 These freedoms are reduced if the Trust is in Financial Special measures and guidance from NHS Improvement will be sought
- 9.5.3 External debt should be kept within designated limits, taking account of affordability in terms of capacity to generate operating revenue to service debt and the impact on the Continuity of Service Risk Rating.
- 9.5.4 For larger scale projects, current Department of Health & Social Care requirements and approval mechanisms under the Private Finance Initiative continue to apply. It is the responsibility of the Chief Executive, on behalf of the Trust, to ensure that these requirements are complied with.
- 9.5.5 If required, the Trust must ensure that a sufficient Working Capital Facility is available from the Department of Health & Social Care, via NHSI. Such Working Capital Facility should be reviewed on a periodic basis to ensure value for money. The Trust must have procedures in place for the draw down against the facility to ensure that only appropriate authorised transactions take place. All such short term borrowings should be kept to the minimum period of time possible, consistent with the overall cash flow position.
- 9.5.5 The Chief Finance Officer will advise the Board concerning the Trust's ability to pay dividend on, and repay Public Dividend Capital (PDC) and any proposed new PDC borrowing, within the limits set by the Department of Health & Social Care. The Chief Finance Officer is also responsible for reporting periodically to the Board concerning the PDC debt and all loans and overdrafts.
- 9.5.6 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.
- 9.5.7 The Chief Finance Officer must prepare detailed procedural instructions concerning applications for loans and overdrafts.
- 9.5.8 The Chief Finance Officer is responsible for ensuring that the Trust operates within NHSI guidance when making decisions regarding capital investment/external borrowing, specifically by providing appropriate advice to the Board on affordability/ serviceability of debt.
- 9.5.9 The Chief Finance Officer is responsible for ensuring that the Trust operates at all times within any borrowing limit set by the Regulator and the Board receives regular reports on the overall indebtedness of the Trust as against that limit
- 9.5.10 Any short-term borrowing must be with the authority of two authorised signatories, 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.
- 9.5.11 All long-term borrowing must be consistent with the plans outlined in the current Annual Plan and be approved by the Trust Board

### **9.6 Investments**

- 9.6.1 Under the terms of the 2006 Act and its Constitution, the Trust may invest money (other than money held by it as a Trustee) for the purposes of or in connection with its functions. This may include investment by forming or participating in forming bodies corporate or by otherwise acquiring membership of bodies corporate.

## **23/26.5.2 – APPENDIX 1**

- 9.6.2 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.
- 9.6.3 The Chief Finance Officer will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.
- 9.6.4 In the case of temporary cash surpluses, these may only be held in such form and with such public or private sector organisations as are approved by the Board within the Treasury Policy. In giving approval to the mechanisms for short term investment, the Board will take account of instructions or guidelines issued by the Regulator to Foundation Trusts
- 9.6.5 For other longer term forms of investment the approval of the Board will be obtained before proceeding.

## **10. Income, Fees/Charges, Security of Cash, Cheques and Negotiable Instruments**

### **10.1 Income Systems**

- 10.1.1 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.
- 10.1.2 The Chief Finance Officer is also responsible for the prompt banking of all monies received.
- 10.1.3 The Chief Finance Officer will ensure that appropriate systems are in place to comply with national requirements and timescales for invoicing and reconciliation of contract income receivable under the terms of contracts with NHS Commissioners

### **10.2 Fees and Charges**

- 10.2.1 The Trust will price its service contracts with NHS healthcare commissioners according to national tariffs. In areas where national tariff arrangements do not apply, the Trust shall follow the Department of Health & Social Care's guidance in the "Costing Manual" in setting prices for NHS service contracts.
- 10.2.2 The Chief Finance Officer is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health & Social Care or by Statute. Independent professional advice on matters of valuation shall be taken as necessary. Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered the guidance in NHS England's "Managing Conflicts of Interest in the NHS – Guidance for Staff and Organisations" shall be followed.
- 10.2.3 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.



## **23/26.5.2 – APPENDIX 1**

### **10.3 Debt Recovery**

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

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

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

### **10.4 Security of Cash, Cheques and other Negotiable Instruments**

10.4.1 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;
- (b) ordering and securely controlling any such stationery;
- (c) the provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines; and
- (d) prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust.

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

10.4.3 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.

10.4.4 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.

### **10.5 Money laundering Regulations**

10.5.1 Under no circumstances will the Trust accept cash payments in excess of 15,000 Euros (converted to sterling at the prevailing rate at the time) in respect of any single transaction. Any attempts by an individual employee to effect payment above this amount shall be notified immediately to the Chief Finance Officer.

## 23/26.5.2 – APPENDIX 1

### 11. Legally-Binding Contracts for Provision of Services (see SFI 24.6)

#### 11.1 Contracts

11.1.1 The Board of Directors shall regularly review and shall at all times maintain and ensure the capacity and capability of the Trust to provide the mandatory goods and services referred to in the Terms of Authorisation/Provider Licence and related schedules.

11.1.2 The Chief Executive, as the accounting officer, is responsible for ensuring the Trust enters into suitable legally-binding contracts with NHS commissioners for the mandatory healthcare services specified in the Trust's Authorisation agreement with the Regulator, and the provision of other services.

11.1.3 In discharging this responsibility, the Chief Executive should take into account:

- the standards of service quality expected;
- service priorities contained within the Trust's Business Plan and agreed with healthcare commissioners;
- the national tariff and Operating framework, and other agreed local pricing mechanisms;
- the provision of reliable information on cost, volume and quality of services;
- relevant National Service Frameworks and guidelines published by the National Institute for Health and Clinical Excellence;
- agreed developments or investment plans; and
- Commissioning Rules, approved forms of NHS contract and applicable guidance from NHS Improvement.

11.1.4 The Chief Finance Officer shall produce regular reports detailing actual and forecast service activity income with a detailed assessment of the impact of the variable elements of income.

11.1.5 Where the Trust enters into a relationship with another organisation for the supply or receipt of other services – clinical or non-clinical, the responsible employee should ensure that the Assistant Chief Finance Officer – Income is informed before an appropriate contract is present and signed by both parties before goods or services can be provided to or by the Trust. The advice of the Associate Director of Strategic Procurement and the Income and Contracting Manager shall be sought in compliance with the Policy on Service Level Agreements (SLA's).

11.1.6 All SLA's and contracts shall be legally binding, shall comply with best costing practice/best value for money and shall be so devised as to manage contractual risk, insofar as is reasonably achievable in the circumstances of each contract, whilst optimising the Trust's opportunity to generate income/minimise expenditure.

11.1.7 In carrying out these functions, due regard shall be given to the following matters:

- Costing and pricing of goods and services
- Payment terms and conditions
- Billing systems and cash flow management
- The contract negotiating process and timetable
- The provision of contract data
- Contract monitoring and performance management arrangements
- Amendments to contracts
- Applicability of Value Added tax
- Any other matter relating to contracts of a legal or non-financial nature

#### 11.2 Involving Partners and jointly managing risk

11.2.1 The Chief Executive shall 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.

## **23/26.5.2 – APPENDIX 1**

### **11.3 Reports to the Board on contracts**

11.3.1 The Chief Executive, as the accounting officer, will need to ensure that regular reports are provided to the Board detailing planned, actual and forecast income from contracts with NHS Commissioners. This analysis will particularly highlight the impact of differences between planned and actual numbers of patients treated across Healthcare Resource Groups (HRG's) at speciality level and outline any action required to address such variances. Periodically, at intervals to be agreed with the Board, the Finance Director (on behalf of the Chief Executive) will also provide information on the impact of differences between the actual cost to the Trust of treating patients in individual HRG's and the relevant national tariff.

## **12. Terms of Service, Allowances and Payment of Directors and Employees**

### **12.1 Remuneration Committee and Nominations Committee**

12.1.1 The Board shall establish a Remuneration Committee and Nominations Committee, with clearly defined terms of reference, specifying which posts fall within its areas of responsibility, its composition, and the arrangements for reporting. The Committee/s will fulfil the role of the Remuneration Committee and Nominations Committee (for Executive Directors) described in the Trust's Constitution and the NHS Foundation Trust Code of Governance. The purpose of the Committee/s will be to:

- (a) decide on the appropriate remuneration, allowances and terms and conditions of service for the Chief Executive and other Executive Directors including:
  - a. all aspects of salary (including performance-related elements/bonuses);
  - b. provisions for other benefits, including pensions and cars; and
  - c. arrangements for termination of employment and other contractual terms;
- (b) recommend and monitor the level and structure of remuneration for senior management
- (c) agree and oversee, on behalf of the Board of Directors, the performance management of the Executive Directors, including the Chief Executive, and a process for the identification and nomination of Executive Directors (including the Chief Executive). The nominations process will include the Chief Executive, except in the case of the appointment of a Chief Executive. The appointment of the Chief Executive will require the approval of the Council of Governors; and
- (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.

12.1.2 The Committee shall report in writing to the Board the basis for its recommendations and decisions. Minutes of the Committee should accurately record decisions made.

12.1.3 The Board will be notified of approval (or otherwise) by the Clinical Executive Management Group of the Chief Executive's recommendations regarding remuneration and conditions of service for those employees not covered by the Remuneration Committee.

12.1.4 The Trust will remunerate the Trust Chair and non-executive directors in accordance with the decisions of the Council of Governors taking into account any guidance issued by NHS Improvement and the Code of Governance.

### **12.2 Funded Establishment**

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

12.2.2 The funded establishment of any department may not be varied without the approval of the Chief Executive or as defined in the Scheme of Delegation.

### **12.3 Staff Appointments**

12.3.1 No director 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:

## **23/26.5.2 – APPENDIX 1**

- (a) unless authorised to do so by the Chief Executive (as a specific one-off approval, or under general delegation to an approved budget holder with regard to their line management responsibilities);
- (b) and within the limit of their approved budget and funded establishment unless approved by the Directors of Finance and HR;
- (c) and (where required) with the approval of any formal process in place to review Trust vacancies.

12.3.2 The Chief Executive will prepare procedures for the determination of commencing pay rates, condition of service, etc, for employees for approval by the Clinical Executive Management Group on behalf of the Board

### **12.4 Processing Payroll**

12.4.1 The Chief Finance Officer is responsible for arranging the provision of an appropriate payroll service. Together with the service provider, the Chief Finance Officer is responsible 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; and
- (d) agreeing method of payment.

12.4.2 Together with the service provider, the Chief Finance Officer will issue instructions in compliance with the standard operation of the national NHS Electronic Staff Record System 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 1998;
- (g) methods of payment available to various categories of employees;
- (h) procedures for payment by cheque, bank credit, or cash to employees;
- (i) procedures for the recall of cheques and bank credits;
- (j) pay advances and their recovery;
- (k) maintenance of regular and independent reconciliation of pay control accounts;
- (l) separation of duties of preparing records and handling cash; and
- (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.

## **23/26.5.2 – APPENDIX 1**

12.4.3 Managers authorised under the Scheme of Delegation have delegated responsibility for:

- (a) submitting time records, and other notifications in accordance with agreed timetables;
- (b) completing time records and other notifications in accordance with the Chief Finance Officer's instructions and in the form prescribed by the Chief Finance Officer;
- (c) submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee'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 and the Head of Human Resources must be informed immediately; and
- (d) reviewing actual establishment monthly and comparing this to budgeted establishment to identify adverse variances which should be reported to the Executive Performance Reviews.

12.4.4 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.

### **12.5 Contracts of Employment**

12.5.1 The Board shall delegate responsibility to the Director of HR for:

- (a) ensuring that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation; and
- (b) dealing with variations to, or termination of, contracts of employment.

## **13. Non-Pay Expenditure (see SFI 24)**

### **13.1 Delegation of Authority**

13.1.1 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 which will comply with any requirement specified by NHSi including those under financial special measures. The Chief Executive will set out:

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

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

### **13.2 Requisitioning**

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

### **13.3 System of Payment and Payment Verification**

13.3.1 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.

## **23/26.5.2 – APPENDIX 1**

### 13.3.2 The Chief Finance Officer will:

- i. 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 SFI's and regularly reviewed;
- ii. prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds;
- iii. be responsible with the financial services provider for the prompt payment of all properly authorised accounts and claims;
- iv. be responsible with the financial services provider and the Associate Director of Strategic Procurement where applicable, for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
  - a. A list of employees (including specimens of their signatures) authorised to certify invoices;
  - b. Certification that:
    - i. goods have been duly received, examined and are in accordance with specification and the prices are correct;
    - ii. 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;
    - iii. 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;
    - iv. where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
    - v. the account is arithmetically correct;
    - vi. the account is in order for payment.
- v. 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; and
- vi. Instructions to employees regarding the handling and payment of accounts within the Finance Department; and
- vii. be responsible for ensuring that payment for goods and services is only made once the goods and services are received.

The only exceptions are set out in SFI 13.4.

## **13.4 Prepayments**

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

- (a) Prepayments are only permitted where the financial advantages outweigh the disadvantages, taking into account lost investment interest or cost of working capital financing incurred
- (b) The appropriate employee 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 their commitments;
- (c) The Chief Finance Officer will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold);
- (d) The budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate Director or Chief Executive if problems are encountered.

## **13.5 Official orders**

13.5.1 The Trust operates a strict 'No PO no Pay' policy and invoices received from suppliers for goods or services, not included on the Purchase Order (PO) exception list, that do not quote a PO will be returned without payment.



## 23/26.5.2 – APPENDIX 1

### 13.5.2 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 Executive; and
- (e) be used for the purchase of all goods and services excluding those on the PO Exception List.

### 13.6 Duties of Managers and Employees

#### 13.6.1 Managers and employees 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), leases, tenancy agreements and other commitments which may result in a liability are notified to the Chief Finance Officer in advance of any commitment being made;
- (b) contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement;
- (c) where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health & Social Care/NHS Improvement;
- (d) no order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to directors or employees, other than:
  - a. Isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;
  - b. conventional hospitality, such as lunches in the course of working visits; and
  - c. sponsorship appropriate to the needs of the service.

(This provision needs to be read in conjunction with the Trust Constitution SO 6 within Annex 7 and SO's 6 and 7 within Annex 8, together with the principles outlined in the national guidance "Managing Conflicts of Interest in the NHS – guidance for staff and organisations" published by NHSE effective 1/6/2017

- (e) 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;
- (f) all goods, services, or works are ordered on an official order except purchases from petty cash and other specific areas agreed by the Chief Finance Officer;
- (g) verbal orders must only be issued very exceptionally - by an employee designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "Confirmation Order";
- (h) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- (i) goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase and Services are not trialled or piloted in circumstances that could commit the Trust to a future uncompetitive purchase;
- (j) changes to the list of employees authorised to certify invoices are notified to the Chief Finance Officer;
- (k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Chief Finance Officer; and
- (l) petty cash records are maintained in a form as determined by the Chief Finance Officer.

#### 13.6.2 The Chief Executive and 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 ESTATECODE. The technical audit of these contracts shall be the responsibility of the Director of Strategic Development and Capital Planning using the professional estates expertise of 2gether.

### 13.7 Grants to Local Authorities and Voluntary Bodies

#### 13.7.1 Grants to local authorities and voluntary organisations made under the powers of section 28A of the NHS Act 2006 shall comply with procedures laid down by the Chief Finance Officer which shall be in accordance with this Act and any applicable guidance from the Regulator.

## 14. Capital Investment, Private Financing, Fixed Asset Registers and Security of Assets

### 14.1 Capital Investment

14.1.1 As part of the annual planning process, the Board of Directors shall approve a programme of building, equipment and information technology schemes known as the capital programme. Where a requirement not in the approved programme arises during the year, approval shall be in accordance with the Scheme of Delegation and Business Case Procedure, and a report shall be made to the next meeting of the Board of Directors showing the impact on the capital programme.

14.1.2 The Chief Executive:

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

14.1.3 For every capital expenditure proposal the Chief Executive shall:

- (a) ensure that a business case is produced, in the format approved by the Trust, taking into account guidance contained within NHSI Capital regime, investment and property business case approval guidance for NHS Trusts and Foundation Trusts, the Trust's Business Case Procedure, and any other relevant guidance, in a level of detail appropriate to the value of the project, setting out:
  - a. an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
  - b. the involvement of appropriate Trust personnel and external agencies; and
  - c. appropriate project management and control arrangements; and
- (b) require the Chief Finance Officer to ensure that financial aspects of business cases receive appropriate professional scrutiny.

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

14.1.5 The Chief Finance Officer shall ensure that the construction industry tax deduction scheme is operated in accordance with HM Revenue and Customs guidance.

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

14.1.7 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 SFI 24); and
- (c) approval to accept a successful tender (see SFI 24).

14.1.8 The Chief Executive will issue a scheme of delegation for capital investment management in accordance with "Concode" guidance and the Trust's SO's, with the exception of smaller purchases handled via the Medical Devices Group or Information Development Group which manage proposals within an allowed capital limit.

14.1.9 The Chief Finance Officer shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes and procedures for the regular reporting of expenditure to date and forecast.



## 23/26.5.2 – APPENDIX 1

14.1.10 Following the national implementation of IFRS16 from 1 April 2023 the Chief Finance Officer shall issue guidance to the Group to ensure the collection and assessment of all relevant information relating to leases to cover:

- (a) Procurement to notify the Financial Accounts team of all potential leases through Requisitions received
- (b) Financial Accounts to assess lease agreements under the terms of IFRS16
- (c) Financial Accounts team to create necessary account codes and journals for the correct accounting treatment of leases
- (d) Comprehensive Lease Register, with supporting auditable information relating to the lease contract, to be maintained by the Financial Accounts team
- (e) Financial Accounts to convert Subsidiary accounting for leases so the Group is accounted for under IFRS16 on a monthly basis

### 14.2 Private Finance (see SFI 24.25)

14.2.1 Where appropriate the Trust should test for PFI when considering capital procurement. When the Trust proposes to access PFI finance, 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) The Trust must seek all applicable approvals and comply with the requirements of NHSI and the Department of Health & Social Care; and
- (c) The proposal must be specifically agreed by the Board of Directors.

### 14.3 Asset Registers

14.3.1 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.

14.3.2 The Trust shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be as specified in the Group Accounting Manual (GAM).

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

- (a) properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
- (b) stores, requisitions and wages records for own materials and labour including appropriate overheads;
- (c) lease agreements in respect of assets capitalised under IFRS16.

14.3.4 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).

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

14.3.6 The value of each asset shall be indexed or otherwise re-valued in accordance with methods specified in the GAM for Foundation Trusts and relevant accounting standards.

14.3.7 The value of each asset shall be depreciated using methods and rates as specified in the GAM for Foundation Trusts and relevant accounting standards.

### 14.4 Security of Assets

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

## **23/26.5.2 – APPENDIX 1**

14.4.2 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; and
- (g) reporting, recording and safekeeping of cash, cheques, and negotiable instruments.

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

14.4.4 Whilst each employee 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.

14.4.5 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.

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

### **14.5 Protected Assets**

14.5.1 A register of Protected Property is required to be maintained in accordance with requirements issued by the Regulator. In accordance with Condition CoS2 of the Provider Licence, the asset register shall list every Relevant Asset used by the Trust for the provision of Commissioner Requested Services. The term 'relevant asset' means any item of property, including buildings, interests in land, equipment (including rights, licences, and consents relating to its use) without which the Trust's ability to meet its obligations to provide Commissioner Requested Services would reasonably be regarded as materially prejudiced.

14.5.2 Planned changes in Relevant Assets will be notified to NHSI through the annual planning process. The annual plan will include proposed changes in the treatment of assets that are protected together with proposed disposals and acquisitions. The Trust may dispose or relinquish control over any relevant asset where NHSI has given general consent in relation to either transactions of a specified description, or relevant assets of a specified description.

## **23/26.5.2 – APPENDIX 1**

### **15 Stores and Receipt of Goods**

#### **15.1 General position**

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

- (a) kept to a minimum;
- (b) subjected to annual stock take;
- (c) valued at the lower of replacement cost and net realisable value; and
- (d) obsolete or excess stock – valued at net realisable value

#### **15.2 Control of Stores, Stocktaking, condemnations and disposal**

- 15.2.1 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 to departmental employees and stores managers/keepers in individual areas. The control of any Pharmaceutical stocks shall be the responsibility of a designated Pharmaceutical Employee; the control of any fuel oil and coal of a designated estates manager.
- 15.2.2 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 Employee. Wherever practicable, stocks should be marked as health service property.
- 15.2.3 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.
- 15.2.4 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.
- 15.2.5 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Chief Finance Officer.
- 15.2.6 The designated Manager/Pharmaceutical Employee shall be responsible for a system for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Employee shall report to the Chief Finance Officer any evidence of significant overstocking and of any negligence or malpractice (see SFI 16). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

#### **15.3 Goods supplied by NHS Supply Chain**

- 15.3.1 For goods supplied via the NHS Supply Chain central warehouses, the Chief Executive shall identify those authorised to requisition and accept goods in areas not serviced by materials management staff. The authorised person (normally the budget holder) shall check receipt against the delivery note and ensure credit is received where an overcharge has occurred.

## 23/26.5.2 – APPENDIX 1

### 16. Disposals and Condemnations, Losses and Special Payments

#### 16.1 Disposals and Condemnations

- 16.1.1 Under the terms of the Authorisation agreement, the approval of the Regulator is required prior to the disposal of any protected assets (above any “de minimis” limit where specified). There are no external restrictions on the disposal of other assets provided that the proceeds are used to further the Trust’s public interest objectives. The Chief Finance Officer must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers.
- 16.1.2 When it is decided to dispose of a Trust asset, the Head of Department or authorised deputy will consult the Associate Director of Strategic Procurement or nominated 2gether officer as appropriate and advise the Chief Finance Officer of the estimated market value of the item, taking account of professional advice where appropriate.
- 16.1.3 Unserviceable articles with an estimated replacement cost of at least £100 shall be:
- (a) condemned or otherwise disposed of by an employee authorised for that purpose by the Chief Finance Officer; and
  - (b) recorded by the Condemning Employee 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.
- 16.1.4 The Condemning Employee 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.

#### 16.2 Losses and Special Payments

- 16.2.1 NHS Providers must follow the requirements of HM Treasury’s “Managing Public Money” (sections 4.10 and 4.13), in full, in respect of recording and reporting losses and special payments.
- 16.2.2 This will include contacting NHS Improvement to seek HM Treasury approval for any proposed special severance payments or any claims of a novel or contentious nature
- 16.2.3 Any employee discovering or suspecting a loss of any kind which is not of a trivial nature must either immediately inform their head of department, who must immediately inform the Chief Executive and the Chief Finance Officer, either directly or via the Risk Management Department.
- 16.2.4 Where a criminal offence is suspected, the Chief Finance Officer must immediately inform the Local Security Management Specialist (LSMS) and police if theft or arson is involved. The Chief Finance Officer must comply with any requirements of the Regulator and Secretary of State regarding the reporting of fraud and corruption.
- 16.2.5 Any employee may contact the Local Counter Fraud Specialist directly if fraud, bribery or corruption is suspected, in accordance with the Trust’s Anti-Fraud, Bribery and Corruption Policy.
- 16.2.6 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,
  - (b) the Local Security Management Specialist (LSMS), and
  - (c) the External Auditor.
- 16.2.7 Within limits delegated to it by the Department of Health & Social Care, the Board shall approve a scheme of delegation for the writing-off of losses.
- 16.2.8 The Chief Finance Officer shall be authorised to take any necessary steps to safeguard the Trust’s interests in bankruptcies and company liquidations.

## **23/26.5.2 – APPENDIX 1**

16.2.9 For any loss, the Chief Finance Officer should ensure consideration is given as to whether any insurance claim can be made.

16.2.10 The Chief Finance Officer shall ensure that a Losses and Special Payments Register is maintained in which write-off action is recorded

16.2.11 No special payments exceeding delegated limits shall be made without the prior approval of the Department of Health & Social Care or in accordance with instructions from HM Treasury “Managing Public Money” and the Regulator as specified in the GAM.

16.2.12 All losses and special payments must be reported to the Integrated Audit and Governance Committee on a regular basis at least twice per annum.

## **17. Information Technology and Financial Information Systems**

### **17.1 General**

17.1.1 The Trust, under the terms of its Authorisation agreement, is required to participate in national information technology developments, in accordance with any guidance issued by the Regulator. This requirement extends to the Chief Finance Officer in fulfilling his/her responsibilities for the computerised financial data of the Trust as set out below.

17.1.2 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 Chief Finance Officer is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 2018;
- (b) ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;
- (c) ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment; and
- (d) 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.

17.1.3 The Chief Finance Officer shall 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.

## **23/26.5.2 – APPENDIX 1**

### **17.2 Responsibilities and duties of other Directors and Employees in relation to computer systems of a general application**

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

- (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.

### **17.3 Contracts for Computer Services with other health bodies or outside agencies**

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

17.3.2 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.

### **17.4 Risk Assessment**

17.4.1 The Chief Executive 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.

### **17.5 Requirements for Computer Systems which have an impact on corporate financial systems**

17.5.1 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) the financial systems are the prime repository of financial data;
- (c) data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists;
- (d) Finance staff have access to such data;
- (e) data from subsidiary systems feeding the financial systems is fully reconciled to the financial systems;
- (f) reporting from subsidiary systems of financial data agrees with the financial systems; and
- (g) such computer audit reviews as are considered necessary are being carried out.

## **23/26.5.2 – APPENDIX 1**

### **18. Patients' Property**

- 18.1 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.
- 18.2 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; and
  - 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.
- 18.3 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.
- 18.4 Where Secretary of State instructions require the opening of separate accounts for patients' monies, these shall be opened and operated under arrangements agreed by the Chief Finance Officer.
- 18.5 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
- 18.6 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.
- 18.7 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.

### **19. Funds Held on Trust**

#### **19.1 Corporate Trustee**

- 19.1.1 SO 2.4 of the Trust Constitution Annex 8 outlines the Trust's responsibilities as a corporate trustee for the management of funds it holds on trust. Although the management processes may overlap with those of the Trust, the trustee responsibilities must be discharged separately and full recognition given to the need for compliance with Charities Commission regulations, guidance and best practice.
- 19.1.2 The discharge of the Trust's corporate trustee responsibilities are distinct from its responsibilities for management of public monies within the main Trust, and may not necessarily be discharged in the same manner, but there must still be adherence to the overriding general principles of financial regularity, prudence and propriety. Trustee responsibilities cover both charitable and non-charitable purposes.
- 19.1.3 The Chief Finance Officer shall ensure that each charitable fund which the Trust is responsible for managing is managed appropriately with regard to its purpose and to its requirements.



## **23/26.5.2 – APPENDIX 1**

### **19.2 Accountability to Charity Commission and Secretary of State for Health**

- 19.2.1 The trustee responsibilities must be discharged separately and full recognition given to the Trust's dual accountabilities to the Charity Commission for charitable funds held on trust and to the Secretary of State for all funds held on trust.
- 19.2.2 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 employees must take account of that guidance before taking action.

### **19.3 Applicability of Standing Financial Instructions to funds held on Trust**

- 19.3.1 In so far as it is possible to do so, most of the sections of these SFI's will apply to the management of funds held on trust.
- 19.3.2 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.

## **20. Acceptance of Gifts by Staff and Link to Standards of Business Conduct**

- 20.1 The Trust Secretary shall ensure that all staff are made aware of the Trust policy on acceptance of gifts and other benefits in kind by staff as set out in the Trust's Anti-Fraud, Bribery and Corruption Policy. This policy follows the guidance contained in "Managing Conflicts of Interest in the NHS – guidance for staff and organisations" (issued by NHS England, effective 1 June 2017) see SO 7 of the Trust Constitution Annex 8 and SFI 13.6).

## **21. Retention of Records**

- 21.1 The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with Department of Health & Social Care guidelines.
- 21.2 The records held in archives shall be capable of retrieval by authorised persons.
- 21.3 Chief Executive approval is required prior to any proposed action to destroy records before the end of the retention period set by Trust policies.

## **22. Risk Management and Insurance**

### **22.1 Programme of Risk Management**

- 22.1.1 Risk management, control and governance comprise the policies, procedures and operations established to ensure the achievement of objectives, the appropriate assessment of risk, the reliability of internal and external reporting and accountability processes, compliance with applicable laws and regulations, and compliance with the behavioural and ethical standards set for the organisation.
- 22.1.2 The Chief Executive shall ensure that the Trust has a programme of risk management, in accordance with current Department of Health & Social Care/NHSI assurance framework requirements, which must be approved and monitored by the Board via the Board Assurance Framework.



## **23/26.5.2 – APPENDIX 1**

22.1.3 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;
- (h) regular review of compliance with all statutory regulatory requirements; and
- (i) ensuring appropriate responses to all interventions, reports and requirements from all statutory regulatory bodies.

22.1.4 The existence, integration and evaluation of the above elements will assist in providing a basis to make an Annual Governance Statement on the effectiveness of Internal Control /Quality Governance arrangements within the Annual Report and Accounts as required by the ARM for NHS Foundation Trusts issued annually by the Regulator.

### **22.2 Insurance: Risk Pooling Schemes administered by NHS Resolution**

22.2.1 The Board shall decide if the Trust will insure through the risk pooling schemes administered by the NHS Resolution 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 Trusts may enter into insurance arrangements with commercial insurers as follows:

- (a) Trusts may enter into 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;
- (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. In any case of doubt concerning a Trust's powers to enter into commercial insurance arrangements the Chief Finance Officer should consult the Department of Health & Social Care; and
- (d) The Trust shall arrange appropriate Directors and Employees insurance to cover the risk of legal action against its directors.

## **23/26.5.2 – APPENDIX 1**

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

- 22.4.1 Where the Board decides to use the risk pooling schemes administered by the NHS Resolution 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.
- 22.4.2 Where the Board decides not to use the risk pooling schemes administered by the NHS Resolution for one or other of the risks covered by the schemes, the Chief Finance Officer shall ensure that the Board is informed of the nature and extent of the risks that are self-insured as a result of this decision. The Chief Finance Officer shall ensure that formal documented procedures (administered by the Legal Services Department) are drawn up for the management of any claims arising from third parties and payments in respect of losses which will not be reimbursed.
- 22.4.3 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.

### **23. Consultation**

- 23.1 The Trust shall take into account the legal duties of consultation that are applicable to the Trust when considering any changes to service provision at an early stage and seek advice where necessary.
- 23.2 Section 242 of the NHS Act 2006 sets out the Trust's duty as respects health services for which it is responsible, that persons to whom those services are being or may be provided are, directly or through representatives, included in and consulted on:
- (a) The planning of the provision of those services
  - (b) The development and consideration of proposals for changes in the way those services are provided; and
  - (c) Decisions to be made by that body affecting the operation of those services.
- 23.3 Regulation 4A of the Local Authority (Overview and Scrutiny Committee's Health Scrutiny functions) Regulations 2002 sets out that the Trust needs to consult with the Overview and Scrutiny Committee of a Local Authority where:
- (a) The Trust proposes to make an application to the Regulator to vary the Terms of its Authorisation; and
  - (b) That application, if successful, would result in a substantial variation of the provision by the Trust of protected goods or services in the area of that local authority

### **24. Tendering, Quotation and Contracting Procedure**

#### **24.1 Duty to comply with Standing Financial Instructions**

- 24.1.1 The procedure for making all contracts by or on behalf of the Trust shall comply with these SFI's. The Trust will ensure compliance with the Public Contract Regulations 2015 (as may be amended from time to time) and relevant NHS guidance on procurement (including but not limited to), the Principles Rules for Cooperation and Competition, and the Procurement Guide for Commissioners of NHS-funded Services.
- 24.1.2 The Associate Director of Strategic Procurement is responsible for the production and operation of detailed tendering and contracting procedures and the provision of advice and guidance to managers. All budget holders are required to comply with these procedures
- 24.1.3 This Section 24 should be read in conjunction with Section 5 of the Detailed Scheme of Delegation, in Appendix 2 of these SFI's.

## **23/26.5.2 – APPENDIX 1**

24.1.4 All personnel involved in tendering and contracting activities should be aware of the Bribery Act 2010 and should ensure that all dealings with other organisations and their staff do not breach the Act.

24.1.5 The Bribery Act 2010 defines the two sections below:

- (a) Two general offences of bribery – 1) Offering or giving a bribe to induce someone to behave, or to reward someone for behaving, improperly and 2) requesting or accepting a bribe whether in exchange for acting improperly, or where the request or acceptance is itself improper; and
- (b) The new corporate offence of negligently failing by a company or limited liability partnership to prevent bribery being given or offered by an employee or agent on behalf of that organisation.

### **24.2 EU Directives Governing Public Procurement**

24.2.1 The Trust shall comply with the Public Contracts Regulations 2015 and all relevant directives set by the Council of the European Union promulgated by the Department of Health & Social Care prescribing procedures for awarding all forms of contracts shall have effect as if incorporated in these SO'ss and SFI's.

24.2.2 In the case of management consultancy contracts the Trust shall comply with current Department of Health & Social Care/NHSI guidance.

### **24.3 EU Public Sector Procurement Regulations 2015 – Procedures**

24.3.1 The Trust shall have policies and procedures in place for the control of all tendering activity which must be executed through the Trust's designated eProcurement system. The advice of the Trust's Associate Director of Strategic Procurement should be taken in all circumstances.

### **24.4 Capital Investment**

24.4.1 The Trust shall comply as far as is practicable with the requirements of the guidance published by NHSI on capital investment including 'NHS Capital regime, investment and property business case approval guidance for NHS Trust and Foundation Trusts and other relevant guidance.

#### **Formal Competitive Tendering**

### **24.5 General Applicability**

24.5.1 Subject to the exceptions set out in 24.7.1 and 24.7.2, the Trust shall ensure that competitive tenders are invited for:

- the supply of goods, materials and manufactured articles;
- the tendering of services including sub contracted clinical services and all forms of management consultancy services;
- For the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens); and
- for disposals of tangible and intangible property (including equipment and intellectual property).

## 23/26.5.2 – APPENDIX 1

### 24.6 Purchase of Health Care Services

24.6.1 Where relevant, the Chief Executive shall nominate employees to commission contracts with providers of healthcare in line with a commissioning plan approved by the Board.

24.6.2 Where the Trust plans to commission contracts with providers of healthcare, the Trust must invite tenders for the supply of such healthcare services. These SO's and SFI's shall apply and need to be read in conjunction with SFI 11.

### 24.7 Exceptions and instances where formal quotation and tendering need not be applied

24.7.1 Formal quote and tendering procedures need not be applied where:

- (a) the estimated whole life expenditure or income does not, or is not reasonably expected to, exceed £10,000 excluding VAT;
- (b) where the supply is proposed under special arrangements negotiated by the Department of Health & Social Care in which event the said special arrangements must be complied with. This includes the Procure 21 framework for the construction of healthcare facilities;
- (c) regarding Losses and Special Payments as set out in SFI 16; *and*
- (d) where the supply can be obtained under a framework agreement that has itself been procured in compliance with the duties set out in SFI 24.2 and where the Trust is entitled to access such framework agreement.

24.7.2 Subject to the duties at SFI 24.2 (and to obtaining appropriate advice and documentation from the Trust's Procurement Services Department and where it considers necessary external professional advice) **formal tendering procedures may be waived in the following circumstances but only in the event that the financial thresholds within the Public Sector Contract Regulations 2015 are not breached:**

- (a) 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 the formal tender waiver proforma;
- (b) where the requirement is covered by an existing contract let by the Trust or partner organisation;
- (c) where the timescale genuinely precludes competitive tendering. Failure to plan the requirement properly is not regarded as a justification for a tender waiver;
- (d) where specialist expertise is required and can be demonstrated to be available from only one source;
- (e) when the requirement is essential to complete a project or procurement, and arises as a consequence of a recently completed assignment and engaging different suppliers for the new task would be inappropriate;
- (f) there is a clear benefit to be gained from maintaining continuity with an earlier project or supply of goods/services. However in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering; and
- (g) 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.

## **23/26.5.2 – APPENDIX 1**

24.7.3 The waiving of competitive tendering procedures should not be used to avoid competition or for administrative convenience or to award further work to a provider originally appointed through a competitive procedure, except where this represents an extension to a contract agreed in the original contract to tender.

24.7.4 Where it is decided that competitive tendering is not applicable and should be waived, the fact of the waiver (including any subsequent increase in value) and the reasons should be documented and recorded in an appropriate Trust record and reported to the Integrated Audit and Governance Committee, the form and content of such reports to be determined by that Committee

### **24.8 Fair and Adequate Competition**

24.8.1 Where the exceptions set out in SFI 24.7 do not apply, the Trust shall ensure that invitations to tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and in no case less than two firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.

### **24.9 Items which subsequently breach thresholds after original approval**

24.9.1 Items estimated to be below the limits set in this SFI for which formal tendering procedures are not used which subsequently prove to have a value above such limits shall be reported to the Chief Finance Officer and be recorded in an appropriate Trust record.

## **Contracting/Tendering Procedure**

### **24.10 Invitation to tender**

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

24.10.2 All invitations to tender shall state that no tender will be accepted unless:

- (a) submitted electronically using the Trust's e-tendering system; or alternatively
- (b) submitted electronically via a national e-tendering system.

24.10.3 Every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable.

24.10.4 Every tender for building or engineering works (except for maintenance work, when Estatecode guidance shall be followed) shall embody or be in the terms of the current edition of a Standard Form of Contract in accordance with the recommendations contained in Concode or other appropriate Standard Form as approved by the Assistant Director of Strategic Estates and as set out in the approved Estates Tendering Manual. These documents shall be modified and/or amplified to accord with Department of Health & Social Care guidance and, in minor respects, to cover special features of individual projects.

### **24.11 Receipt and safe custody of tenders**

24.11.1 The Chief Executive will designate and agree a list of employees able to access the electronic tenders and release them once the Sealed Date and Time has passed.

24.11.2 A full electronic record of the tenders received will be available in accordance with the agreed parameters of the electronic system.

## **23/26.5.2 – APPENDIX 1**

24.11.3 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. (see SFI 24.15).

### **24.12 Admissibility**

24.12.1 If for any reason the designated employees 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.

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

### **24.13 Late tenders**

24.13.1 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 nominated employee decides that there are exceptional circumstances i.e. dispatched in good time but delayed through no fault of the tenderer.

24.13.2 At the discretion of the Chief Finance Officer (or in his absence, the Deputy Finance Director), only in the most exceptional circumstances will a tender be considered which is received after the opening of the other tenders and the process of evaluation and adjudication has not started.

24.13.3 While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential by the Chief Executive or his nominated employee.

### **24.14 Acceptance of formal tenders**

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

24.14.2 The lowest tender, or Most Economically Advantageous Tender (MEAT) shall be accepted if payment is to be made by the Trust, or the highest, if payment is to be received by the Trust, shall be accepted unless there are good and sufficient reasons to the contrary. Such reasons shall be set out in the Ratification Report and held on the contract file, or other appropriate record.

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

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

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

24.14.5 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 or in accordance with the Detailed Scheme of Delegation.

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

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



## **23/26.5.2 – APPENDIX 1**

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

### **24.15 Tender reports to the Trust Board**

24.15.1 Reports to the Trust Board will be made on an exceptional circumstance basis only, including for the purpose of approving all contracts over the financial limit stated in the Reservation of Powers and Scheme of Delegation.

### **24.16 Firms invited to tender/quote**

#### Pre-qualification

24.16.1 The Procurement Services function is responsible for carrying out pre-qualification technical, financial and economic checks on firms from whom tenders and quotations may be invited, if appropriate. All suppliers will be required to accept the Trust's terms and conditions of contract.

#### Building and Engineering Construction Works

24.16.2 Invitations to tender shall be made only to firms registered with Constructionline (pre-qualification database owned and endorsed by the Department of Trade & Industry).

24.16.3 Where it is necessary in the case of specialist engineering work to invite contractors not registered with Constructionline, approval shall be obtained from the 2gether nominated officer and the facts noted in the Tender Report.

24.16.4 Firms shall ensure that when engaging, training, promoting or dismissing employees or in any conditions of employment, they shall not discriminate against any person because of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation, and will comply with the provisions of the Equality Act 2010 and any amending and/or related legislation.

24.16.5 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.

#### Financial Standing and Technical Competence of Contractors

24.16.6 The Chief Finance Officer may make or institute any enquiries he deems appropriate concerning the financial standing and financial suitability of contractors. The Director with lead responsibility for technical/clinical governance will similarly make such enquiries as is felt appropriate to be satisfied as to their technical / medical competence.



## **23/26.5.2 – APPENDIX 1**

### **Quotations: Competitive/Non-Competitive**

#### **24.17 General Position on quotations (values quoted exclude VAT)**

24.17.1 Quotations are required where formal tendering procedures are not adopted and where the intended whole life expenditure or income exceeds, or is reasonably expected to exceed £20,000.

#### **24.18 Competitive Quotations**

24.18.1 Quotations will be obtained in accordance with the Trust's Procurement to Pay Policy.

24.18.2 Quotations should be obtained from at least 2 firms/individuals based on specifications or terms of reference prepared by, or on behalf of, the Trust through the Procurement Services Department using the e tendering system.

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

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

24.18.5 The Chief Executive or his nominated employee should evaluate the quotation and select the quote which gives the best value for money. If this is not the lowest quotation if payment is to be made by the Trust, or the highest if payment is to be received by the Trust, then the choice made and the reasons why should be recorded in a permanent record.

#### **24.19 Non-Competitive Quotations**

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

- (a) 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 employee, possible or desirable to obtain competitive quotations;
- (b) the supply of goods or manufactured articles of any kind which are required quickly and are not obtainable under existing contracts; and
- (c) where the goods or services are for building and engineering maintenance the responsible works manager must certify that the first two conditions of this section apply.

#### **24.20 Quotations to be within Financial Limits**

24.20.1 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 SFI's except with the authorisation of either the Chief Executive or Chief Finance Officer.

## 23/26.5.2 – APPENDIX 1

### Authorisations

#### 24.21 Authorisation of Tenders and Competitive Quotations

24.21.1 Providing all the conditions and circumstances set out in these Standing Financial Instructions have been fully complied with, formal authorisation and awarding of a contract may be decided in accordance with Section 5.4 of the Detailed Scheme of Delegation in Appendix 2 of these SFI's.

24.21.2 Note: Urgent matters may be dealt with under SO 4.2 of the Trust Constitution Annex 8 (by the Chairman and Chief Executive, reported at the next Trust Board) or under the Reservation of Powers Introduction and Principles of Delegation section within Appendix 1 of these SFI's. If the Chief Executive is absent, powers delegated to him/her may be exercised by the Chairman after taking appropriate advice from the Chief Finance Officer. If both Chairman and Chief Executive are absent, and the matter cannot reasonably wait until their return, delegated powers may be exercised by the individual formally deputised by the Chief Executive.

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

#### 24.22 Instances where formal competitive tendering or competitive quotation is not required

24.22.1 Competitive tendering or a competitive quotation is not required when

- (a) the Trust shall uses the NHS Supply Chain for procurement of goods and services; or
- (b) the Trust uses a National or Regional Framework Contract to which it has legitimate access

However, in all cases the route to market must demonstrably deliver best value for money. This may be required to be determined **through the use of a 'mini competition' procedure.**

#### 24.23 Private Finance for capital procurement (see SFI 14)

24.23.1 Where appropriate, the Trust should market-test (competitively tender) 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) The Trust must seek all applicable approvals and follow the requirements of NHSI guidance including "Risk Evaluation for Investment Decisions by NHS Foundation Trusts";
- (c) The proposal must be specifically agreed by the Board of Directors of the Trust; and
- (d) The selection of a contractor/finance company must be on the basis of competitive tendering or quotations.

## **23/26.5.2 – APPENDIX 1**

### **24.24 Compliance requirements for all contracts**

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

The Trust's SO's and SFI's;

- (a) EU Directives and other statutory provisions;
- (b) any relevant directions including Concode and guidance on the Procurement and Management of Consultants;
- (c) such of the NHS Standard Contract of Conditions as are applicable;
- (d) the Care Quality Commission's "Essential Standards for Quality and Safety";
- (e) contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance;
- (f) Where appropriate contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited; and
- (g) 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 employee who shall oversee and manage each contract on behalf of the Trust.

### **24.25 Personnel and Agency or Temporary Staff Contracts**

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

### **24.26 Disposals (See SFI 16)**

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

- (a) any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the Chief Executive or his nominated employee;
- (b) obsolete or condemned articles and stores, which may be disposed of in accordance with the Procure to Pay Policy of the Trust;
- (c) items to be disposed of with an estimated sale value of less than £1,000, 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; and
- (e) land or buildings concerning which Department of Health & Social Care guidance has been issued but subject to compliance with such guidance.

## **23/26.5.2 – APPENDIX 1**

### **24.27 In-house Services**

24.27.1 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.

24.27.2 In all cases where the Board determines that in-house services should be subject to competitive tendering the following groups shall be set up to ensure a clear separation of duties between the tender and the house bid teams:

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

24.27.3 All groups should work independently of each other and individual employees 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.

24.27.4 The evaluation team shall make recommendations to the Board.

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

### **24.28 Applicability of SFI's on Tendering and Contracting to funds held on trust (see SFI 19)**

24.28.1 These Instructions shall not only apply to expenditure by the Trust but also to works, services and goods purchased from the Trust's charitable funds.

### **24.29 Joint Ventures and Trading Arms**

24.29.1 When the Trust proposes to enter into an agreement between two or more parties to undertake economic activity together, this may take the form of a contractual joint venture or an incorporated joint venture. A robust commercial agreement covering entry, running and exit from the joint venture is required with a detailed project programme, including those activities that are specific to the joint venture in question.

## 23/26.5.2 – APPENDIX 1

### 25 NHSi Framework and Compulsory guidance for Finance and use of resources

- Approved Costing Guidance - Costing principles and guidance for NHS-funded services
- Department of Health & Social Care Group Accounting Manual (GAM) - This provides the detailed requirements for accounts for NHS trusts and NHS foundation trusts, and annual report requirements for NHS trusts.
- FT Annual Reporting Manual (ARM) – contains the formal accounts direction and requirements for annual reports for foundation trusts
- Use of Resources: assessment framework - aim to help patients, providers and regulators understand how effectively trusts are using their resources to provide high quality, efficient and sustainable care in line with the recommendations of Lord Carter's review of Operational productivity and performance in English NHS acute hospitals.
- Reducing expenditure on NHS agency staff: rules and price caps - Sets out all the rules for NHS providers on agency expenditure, which are collectively known as the 'agency rules'.
- National Tariff payment system - Information about the currencies and prices to use in 2017/18 to 2018/19 national tariff.
- Supporting NHS Providers on executive HR issues - Guidance on a range of executive HR issues including appointments process, salaries, severance and moves.
- Consultancy spending approval criteria for providers - This guidance is for NHS providers looking to commission consultancy services.
- Single Oversight Framework for NHS Providers - Sets out how NHSI oversee NHS trusts and NHS foundation trusts, helping us to determine the level of support they need.
- NHS Operational planning and contracting guidance - Provides an update on the national priorities and long-term financial challenges for local systems.
- NHS Capital regime, investment and property business case approval guidance for NHS Trusts and Foundation Trusts

## Appendix 1 to Standing Financial Instructions

### Reservation of Powers to the Board of Directors

#### 1. Introduction and Principles of Delegation

- 1.1 Section 5.1 of the Annex 8 SO's of the Trust Constitution provides that "subject to the Regulatory Framework and such guidance as may be issued by NHS Improvement (NHSI), the Board may make arrangements for the exercise, on behalf of the Trust, of any of its functions by a committee or sub-committee, appointed by virtue of SO 5.1 or 5.2 or by a director or an employee of the Trust, in each case subject to such restrictions and conditions as the Board thinks fit". The Code of Governance also requires that there should be a formal schedule of matters specifically reserved to the Trust Board.
- 1.2 This document outlines which powers are reserved to the Board - generally matters for which it is held accountable to the Sector Regulator and the Secretary of State, while at the same time delegating to the appropriate level the detailed application of Trust policies and procedures. However, the Board of Directors remains accountable for all of its functions, including those which have been delegated, and would therefore expect to receive information about the exercise of delegated functions to enable it to maintain a monitoring role.
- 1.3 Board members share corporate responsibility for all decisions of the Board. Chair and non-executive members are responsible for monitoring the executive management of the organisation and are responsible to NHSI for the discharge of those responsibilities. Non-Executive Directors are appointed by the Council of Governors to bring independent judgement to bear on issues of strategy, performance, key appointments and accountability through Parliament and to the local community. All members are required to subscribe to the Code of Conduct and declare any conflicts of interest.
- 1.4 This Scheme should be read in conjunction with SO's (within the Trust's Constitution) and all other SFI's. Arrangements for the exercise of functions by delegation are covered in SO section 4 of the Annex 8 SO's of the Trust Constitution and in the introduction to SFI's.

## **23/26.5.2 – APPENDIX 1**

### **2. Roles and Responsibilities**

#### **2.1 Role of the Chairman**

2.1.1 The role of the Chairman is to:

- provide leadership to the Board; set its agenda which should be forward looking with a concentration on strategic matters;
- enable all Board members to make a full contribution to the Board's affairs and ensure that the Board acts as a team;
- ensure that key and appropriate issues are discussed by the Board in a timely manner, and ensure that enough time is allowed for discussion of complex or contentious issues;
- ensure the Board has adequate support and is provided efficiently with all the necessary data, information and advice on which to base informed decisions;
- lead Non-Executive Board members through a formally-appointed Nominations Committee of the Board for the appointment of the Chief Executive and other Executive Directors;
- appoint Non-Executive Board members to Integrated Audit and Governance Committee, Finance & Investment, Nominations, Remuneration and Charitable Funds Committees of the main Board;
- act as Chair for the Council of Governors;
- ensure effective communication with the members and that the Board develops an understanding of the views of members of the public;
- take the lead in providing suitable induction for Non-Executive Directors, identifying and meeting the development needs of the Non-Executive Directors; and
- ensure that the performance of the Board as a whole, and of Non-Executive Directors individually is evaluated annually.

#### **2.2 Senior Independent Director (SID)**

2.2.1 The SID should be available to members of the Board of Directors and the Council of Governors if they have a concern that contact through the normal channels of Chairman and Chief Executive has failed to resolve or where such contact is inappropriate. The SID may also act as the point of contact with the Board of Directors for Governors when they discuss, for example, the Chair's performance appraisal and his or her remuneration and other allowances.

2.2.2 To be in a position to undertake this role, the SID should attend sufficient meetings with the Council of Governors to listen to their views.

2.2.3 The SID should:

- lead a meeting of the Council of Governors at least annually, without the Chairman present, to appraise the Chairman's performance; and
- lead a meeting of the Non-Executive Directors at least once a year, without the Chairman present, to appraise the Chairman's performance.



## 23/26.5.2 – APPENDIX 1

### 2.3 Council of Governors

2.3.1 The specific statutory powers and duties of the Council of Governors are to:

#### 2006 Act:

- appoint and, if appropriate, remove the chair;
- appoint and, if appropriate, remove the other non-executive directors;
- decide the remuneration and allowances, and the other terms and conditions of office, of the chair and non-executive directors;
- approve the appointment of the chief executive;
- appoint and, if appropriate, remove the NHS foundation trust auditor; and
- receive the NHS foundation trust's annual accounts, any report of the auditor on them and the annual report.

#### Amendments to the 2006 Act made by the 2012 Act:

- Hold the NEDs individually and collectively to account for the performance of the Board of Directors;
- Represent the interests of members of the Trust as a whole and the interests of the public;
- Approve “significant transactions” as defined in NHSI guidance;
- Approve an application by the Trust to enter into a merger, acquisition, separation or dissolution;
- Decide whether the Trust's non-NHS work would significantly interfere with its principal purpose, which is to provide goods and services for the health service in England, or performing its other functions
- Approve amendments to the Trust's constitution.

2.3.2 In addition

- in preparing the NHS foundation trust's forward plan, the Board of Directors must have regard to the views of the Council of Governors and must consult them on any proposal to increase income not related to the provision of NHS healthcare by more than 5% of total planned income.

2.3.3 In the event that there is disagreement between the Board of Directors and Council of Governors the Board of Directors and Council of Governors dispute resolution procedure will be followed.

### 2.4 Role of the Chief Executive

2.4.1 All powers of the Trust which have not been retained as reserved by the Board of Directors or delegated to a Committee of the Board shall be exercised on behalf of the Board by the Chief Executive. The Chief Executive shall prepare a Scheme of Delegation identifying which functions he/she shall perform personally, and those functions that have been delegated to other directors and employees.

2.4.2 All powers delegated by the Chief Executive can be re-assumed by him/her should the need arise. As Accounting Officer the Chief Executive is responsible and accountable to Parliament via the Regulator for the funds entrusted to the Foundation Trust.

2.4.3 The Chief Executive is accountable to the Chairman and Non-Executive members of the Board for ensuring that its decisions are implemented, that the organisation works effectively, in accordance with the Trust's Provider Licence and public service values, and for the maintenance of proper financial stewardship.

2.4.4 The Chief Executive should be allowed full scope, within clearly defined delegated powers, for action in fulfilling the decisions of the Board. The duties of the Chief Executive as Accounting Officer are laid out in the Accounting Officer Memorandum; see section 4.1 of this scheme.

### 2.5 Caution over the Use of Delegated Powers

2.5.1 Powers are delegated to directors and employees on the understanding that they do not exercise delegated powers in a way which could reasonably be anticipated to cause public concern.

## **23/26.5.2 – APPENDIX 1**

### **2.6 Directors' Ability to Delegate their own Delegated Powers**

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

### **2.7 Absence of Directors or Employee to Whom Powers have been Delegated**

2.7.1 In the absence of a director or employee to whom powers have been delegated those powers shall be exercised by that director or employee's superior unless alternative arrangements have been approved by the Board. If the Chief Executive is absent powers delegated to him/her may be exercised by the Chairman after taking appropriate advice from the Chief Finance Officer. If both Chairman and Chief Executive are absent, and a matter cannot reasonably wait until their return, delegated powers may be exercised by the individual formally deputised by the Chief Executive.

## **3 Reservation of Powers to the Board of Directors**

### **3.1 Introduction**

3.1.1 The Code of Accountability which has been adopted by the Trust requires the Board to determine those matters on which decisions are reserved unto itself and to ensure that management arrangements are in place to enable clear delegation of its other responsibilities. These reserved matters are set out in paragraphs 1.2 to 1.10:

### **3.2 General Enabling Provision**

3.2.1 The Board of Directors may determine any matter it wishes in full session within its SO's and statutory powers. NHS Foundation Trusts must comply with legislation and guidance issued by Parliament, and by NHSI, the Sector Regulator, respect agreements entered into by themselves or in on their behalf and establish terms and conditions of service that are fair to the staff and represent good value for taxpayers' money. The powers of the Board of Directors are subject to the Constitution and Authorisation of the Foundation Trust.

## **23/26.5.2 – APPENDIX 1**

### **3.3 Functions and Duties of the Board of Directors**

- 3.3.1 The Board of Directors has seven key functions for which it is held accountable by the Sector Regulator of NHS Foundation Trusts (NHSI):
- (a) to ensure effective financial stewardship through value for money, financial control and financial and strategic planning;
  - (b) to ensure that high standards of corporate governance and personal behaviour are maintained in the conduct of the business of the whole organisation;
  - (c) to appoint, appraise and remunerate senior executives;
  - (d) to ratify the strategic direction of the organisation within the overall policies and priorities of Parliament and the NHS, define its annual and longer term objectives and agree plans to achieve them;
  - (e) to oversee the delivery of planned results by monitoring performance against objectives and ensuring corrective action is taken when necessary;
  - (f) 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; and
  - (g) to ensure that the Trust maintains robust clinical governance arrangements underpinning safe, effective and efficient services to its patients.

3.3.2 It is the Board's duty to:

- (a) act within statutory financial and other constraints;
- (b) be clear what decisions and information are appropriate to the Board of Directors and draw up SO's, a schedule of decision reserved to the Board of Directors and SFI's to reflect these;
- (c) 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 with senior executives held to account;
- (d) establish performance and quality measures that maintain the effective use of resources and provide value for money whilst ensuring patient safety is maintained;
- (e) 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; and
- (f) 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.

### **3.4 Regulation and Control**

- 3.4.1 Approval, suspension, variation or amendment of SO's, a schedule of matters reserved to the Board of Directors, SFI's and the Scheme of delegation of powers from the Board of Directors to employees.
- 3.4.2 Approval of the Trust's Treasury Policy including authorisation of institutions with which investments may be made. Approval of banking arrangements. Approval of a list of employees authorised to make short term borrowings on behalf of the Trust. (This must include the CE and CFO.)
- 3.4.3 Requiring and receiving the declaration of directors' and senior employees' interests which may conflict with those of the Trust and determining the extent to which that individual may remain involved with the matter under consideration.
- 3.4.4 Regular review of the capacity and capability of the Trust to provide the mandatory services referred to in the Provider Licence.
- 3.4.5 Disciplining directors who are in breach of statutory requirements or SO's.
- 3.4.6 Ensuring that policies are in place for disciplining employees of the Trust.
- 3.4.7 Adoption of the organisational structures, processes and procedures to facilitate the discharge of business by the Trust and to agree modifications thereto.

## **23/26.5.2 – APPENDIX 1**

- 3.4.8 To receive reports from committees including those which the Trust is required by the Provider Licence or other regulation to establish and to take appropriate action thereto.
- 3.4.9 To confirm the recommendations of the Trust's committees where the committees do not have executive powers. To establish terms of reference and reporting arrangements of all committees and sub-committees that are established by the Board of Directors.
- 3.4.10 Ratification in formal session of any urgent decisions taken by the Chairman and Chief Executive in accordance with SO 4.2 of Annex 8 within the Trust Constitution (emergency powers).
- 3.4.11 Approval of arrangements relating to the discharge of the Trust's responsibilities as a corporate trustee for Funds held on Trust.
- 3.4.12 Approval of arrangements relating to the discharge of the Trust's responsibilities as a bailee for patients' property.
- 3.4.13 Ratification, or otherwise, of instances of failure to comply with SO's brought to the Chief Executive's attention in accordance with SO 4.6 of Annex 8 within the Trust Constitution.
- 3.4.14 Approval of procedures for declaration of hospitality and sponsorship.
- 3.4.15 Ensuring proper and widely publicised procedures for voicing complaints, concerns about misadministration, breaches of Code of Conduct, and other ethical concerns.
- 3.4.16 Provide evidence through use of the Board Assurance Framework that the Trust is doing its 'responsible best' to manage itself to meet its objectives and protect patients, staff, the public and other stakeholders, against risks of all kinds.
- 3.4.17 Regular review of compliance with all statutory requirements.
- 3.4.18 Ensuring appropriate responses are in place to respond to interventions, reports and requirements of statutory regulatory bodies of the Trust's services and facilities.

### **3.5 Appointments and Remuneration**

- 3.5.1 The appointment and dismissal of committees (and individual members) which are directly accountable to the Board of Directors.
- 3.5.2 Confirming the appointment of members of any committee of the Trust as representatives on outside bodies.
- 3.5.3 Reviewing the recommendations and decisions of the Remuneration Committee regarding pay and terms of service of directors and senior employees.
- 3.5.4 Following consultation with the Council of Governors, appoint one of the non-executive directors as Senior Independent Director to act in accordance with NHSI's Code of Governance and the Trust's SO's.
- 3.5.5 Consideration and authorisation of a Mutually Agreed Resignation Scheme (MARS).

### **3.6 Strategy, Policy Determination, Plans and Budgets**

- 3.6.1 Definition of the strategic aims and objectives of the Trust. Approval of strategy, business plans, budgets and workforce plans, and the capital programme. Approval of the Trust's Annual Business Plan prior to submission to NHSI.
- 3.6.2 The approval of significant management policies, including personnel policies incorporating the arrangements for the appointment, removal and remuneration of staff (where not specifically delegated to the Remuneration Committee or Executive Team).

## **23/26.5.2 – APPENDIX 1**

- 3.6.3 Approval and monitoring of the Trust's strategy, policies, procedures and programmes for the management of risk.
- 3.6.4 Approval of major changes to the Trusts' corporate structure.
- 3.6.5 Ensuring adequate succession planning for the Board
- 3.6.6 Determination of in-house services to be subject to competitive tender
- 3.6.7 Approval to engage in tendering for the provision of healthcare related services (where not specifically delegated to the Finance and Performance Committee under the 'Commercial Tenders' Policy)

### **3.7 Direct Operational Decisions**

- 3.7.1 Ratify proposals for the acquisition, disposal or change of use of land and/or buildings (subject to NHSI's approval in the case of property designated as Protected in the Trust's Authorisation). Approve Outline and Full Business Cases for capital and service investment, in accordance with any delegated limits from the Department of Health & Social Care and as set out in the Business Case procedure.
- 3.7.2 The introduction or discontinuance of any significant activity or operation. An activity or operation shall be regarded as significant if it has a gross annual income or expenditure (that is before any set off) in excess of £1.5m.
- 3.7.3 Acceptance of formal written tender evaluation reports and approval of individual purchasing contracts (other than NHS contracts) of a capital or revenue nature amounting to, or likely to amount to over £1,500,000 over a 3 year period or the period of the contract if longer. (SFI 24.23.1).
- 3.7.4 Approval of transactions with a value in excess of that currently specified in the table of financial limits as delegated within the Scheme of Delegation, Appendix 2 Section 5 of these SFI's.
- 3.7.5 Agreement of action on litigation against or on behalf of the Trust, subject to delegated limits set out in Section 11 of the Detailed Scheme of Delegation, Appendix 2 Section 5 of these SFI's.
- 3.7.6 Review of use of NHSLA risk pooling schemes (LPST, CNST, and RPST). Decide whether the Trust will use the risk pooling schemes administered by the NHS Resolution or self-insure for some or all of the risks (where discretion is allowed). Decisions to self-insure should be reviewed annually.
- 3.7.7 Approve proposals for ensuring quality and developing clinical governance in services provided by the Trust, having regard to any guidance issued by Parliament, NHSI and the Care Quality Commission.
- 3.7.8 Approve PFI proposals.
- 3.7.9 Approve the opening or closing of any bank or investment account. Approval of loans taken out with repayment periods in excess of one year. Approval of a Working Capital Facility within NHSI's guidance on Operating Cash.

### **3.8 Financial and Performance Reporting Arrangements**

- 3.8.1 Approval of the Trust's performance management framework known as the Operational Framework. Continuous appraisal of the affairs of the Trust by means of the receipt of reports as the Board of Directors may require from directors, committees, and employees of the Trust as set out in management policy statements and in respect of powers delegated to committees. All monitoring returns required by NHSI, the Care Quality Commission and the Charity Commission shall be reported, at least in summary, to the Board of Directors.

## **23/26.5.2 – APPENDIX 1**

- 3.8.2 Approval of the Trust's Annual Report and Annual Accounts prior to submission to Parliament, NHSI and the Council of Governors.
- 3.8.3 Approval of the Annual Report and Accounts for funds held on trust.
- 3.8.4 Approval of the Annual Plan prior to submission to the Secretary of State.
- 3.8.5 Approval of the Trust's Quality Report and Quality Account.

### **3.9 Audit Arrangements**

- 3.9.1 Ensure external audit arrangements (including arrangements for the separate audit of funds held on trust) are in place taking appropriate action.
- 3.9.2 The receipt of the annual management letter from the external auditor and agreement of action on the recommendation taking account of the advice, where appropriate, of the Integrated Audit and Governance Committee.
- 3.9.3 The receipt of the annual report from the internal auditor and the agreement of action on the recommendations where appropriate of the Integrated Audit and Governance Committee.

### **3.10 Corporate Governance Matters**

- 3.10.1 Undertaking a formal review (annually) of the performance of the Board along with that of its Committees and individual Directors. Determining the independence of Non-Executive Directors;
- 3.10.2 Review of the Trust's compliance with the regulators Code of Governance (annually);
- 3.10.3 Review of this Reservation of Powers to the Board (annually);
- 3.10.4 Approval of amendments to the Constitution in conjunction with the Council of Governors.

## **23/26.5.2 – APPENDIX 1**

### **4 Delegation of Powers**

#### **4.1 Delegation to Committees**

4.1.1 The Board of Directors may determine that certain of its powers shall be exercised by Standing Committees. The composition and terms of reference of such committees shall be determined by the Board of Directors, taking into account where necessary the requirements of the Secretary of State and or the Charity Commission (including the need to appoint an Integrated Audit and Governance Committee, and a Remuneration Committee). Terms of reference covering decisions and duties delegated by the Board of Directors will be reviewed by each Committee annually and submitted for Board approval. The Board of Directors shall determine the reporting requirements in respect of these committees. In accordance with SO 5.5 of Annex 8 of the Trust Constitution, committees may not delegate executive powers to sub-committees unless expressly authorised by the Board of Directors.

#### **4.2 Delegation derived from Accounting Officer Memorandum**

4.2.1 The Accounting Officer Memorandum is reproduced in full in Section 4.1 of this scheme. The personal responsibility of the Chief Executive as Accounting Officer cannot be delegated except in the particular circumstances set out in the document, and to the extent that the Chief Finance Officer has operational responsibility for the preparation of accounts and effective financial management, information and processes as described in SFI's.

### **5 Scheme of Delegation to Employees**

- 5.1 SO's and SFI's set out in some detail the financial responsibilities of the Chief Executive (CE) and Chief Finance Officer. Specific responsibilities relevant to other directors, budget holders and all staff are summarised in section 4.3 of this appendix.
- 5.2 The scheme of delegation covers only matters delegated by the Board of Directors to directors and certain other specific matters referred to in SFI's.
- 5.3 Section 5 sets out the Detailed Scheme of Delegation applicable to all Care Groups.
- 5.4 Directors are responsible for ensuring adherence to the provisions of Sections 4 and 5, and for maintaining an appropriate structure of authorised signatories, with procedures for approval of expenditure (including financial limits as necessary) in accordance with the Trust's Authorised Signatory procedure.



## 6 Scheme of Delegation Implied by:

### 6.1 NHS Foundation Trust Accounting Officer Memorandum

#### 6.1.1 Introduction

1. The National Health Service Act 2006 (the Act) designates the Chief Executive of an NHS foundation trust as the Accounting Officer.
2. The principal purpose of the NHS foundation trust is the provision of goods and services for the purposes of the health service in England. The NHS foundation trust has a general duty to exercise its functions effectively, efficiently and economically.
3. The Act specifies that the Accounting Officer has the duty to prepare the accounts in accordance with the Act. An Accounting Officer has the personal duty of signing the NHS foundation trust's accounts. By virtue of this duty, the Accounting Officer has the further duty of being a witness before the Committee of Public Accounts (PAC) to deal with questions arising from those accounts or, more commonly, from reports made to Parliament by the Comptroller and Auditor General (C&AG) under the National Audit Act 1983.
4. Associated with these duties are the further responsibilities which are the subject of this memorandum. It is incumbent on the Accounting Officer to combine these duties with their duties to the Board of Directors of the NHS foundation trust.
5. It is an important principle that, regardless of the source of the funding, Accounting Officers are responsible to Parliament for the resources under their control.

#### 6.1.2 Responsibilities of NHSI

1. In relation to NHS foundation trusts, it is the responsibility of NHSI - Sector Regulator of NHS Foundation Trusts, to be satisfied that the NHS foundation trust is compliant with the governance and continuity of services requirements of their provider licence. .

#### 6.1.3 The general responsibilities of an NHS Foundation Trust Accounting Officer

1. The Accounting Officer has responsibility for the overall organisation, management and staffing of the NHS foundation trust and for its procedures in financial and other matters. The Accounting Officer must ensure that:
  - there is a high standard of financial management in the NHS foundation trust as a whole;
  - financial systems and procedures promote the efficient and economical conduct of business and safeguard financial propriety and regularity throughout the NHS foundation trust; and
  - financial considerations are fully taken into account in decisions on NHS foundation trust policy proposals.

## 23/26.5.2 – APPENDIX 1

### 6.1.4 The specific responsibilities of an NHS foundation trust Accounting Officer

1. The essence of the Accounting Officer's role is a personal responsibility for:
  - the propriety and regularity of the public finances for which he or she is answerable;
  - the keeping of proper accounts;
  - prudent and economical administration;
  - the avoidance of waste and extravagance; and
  - the efficient and effective use of all the resources in their charge.
2. As Accounting Officer you must:
  - personally sign the accounts and, in doing, so accept personal responsibility for ensuring their proper form and content as prescribed by NHSI in accordance with the Act;
  - comply with the financial requirements of the Provider Licence;
  - ensure that proper financial procedures are followed and that accounting records are maintained in a form suited to the requirements of management, as well as in the form prescribed for published accounts (so that they disclose with reasonable accuracy, at any time, the financial position of the NHS foundation trust);
  - ensure that the resources for which you are responsible as Accounting Officer are properly and well managed and safeguarded, with independent and effective checks of cash balances in the hands of any official;
  - ensure that assets for which you are responsible such as land, buildings or other property, including stores and equipment, are controlled and safeguarded with similar care, and with checks as appropriate;
  - ensure that any protected property (or interest in) is not disposed of without the consent of NHSI;
  - ensure that conflicts of interest are avoided, whether in the proceedings of the Board of Directors, Council of Governors or in the actions or advice of the NHS foundation trust's staff, including yourself; and
  - ensure that, in the consideration of policy proposals relating to the expenditure for which you are responsible as Accounting Officer, all relevant financial considerations, including any issues of propriety, regularity or value for money, are taken into account, and brought to the attention of the Board of Directors.
3. An Accounting Officer should ensure that effective management systems appropriate for the achievement of the NHS foundation trust's objectives, including financial monitoring and control systems, have been put in place. An Accounting Officer should also ensure that managers at all levels:
  - have a clear view of their objectives, and the means to assess and, wherever possible, measure outputs or performance in relation to those objectives;
  - are assigned well-defined responsibilities for making the best use of resources (both those consumed by their own commands and any made available to organisations or individuals outside the NHS foundation trust), including a critical scrutiny of output and value for money; and
  - have the information (particularly about costs), training and access to the expert advice which they need to exercise their responsibilities effectively.
4. Accounting Officers must make sure that their arrangements for delegation, promote good management and that they are supported by the necessary staff with an appropriate balance of skills. Arrangements for internal audit should accord with the objectives, standards and practices set out in the Government Internal Audit Standards.

### 6.1.5 Advice to the board

1. An Accounting Officer has particular responsibility to see that appropriate advice is tendered to the Board of Directors and the Board of Governors on all matters of financial propriety and regularity and, more broadly, as to all considerations of prudent and economical administration, efficiency and effectiveness. Accounting Officers will need to determine how and in what terms such advice should be tendered, and whether in a particular case to make specific reference to

## 23/26.5.2 – APPENDIX 1

their own duty as Accounting Officer to justify, to the Public Accounts Committee (PAC), transactions for which they are accountable.

2. The Board of Directors and the Council of Governors of an NHS foundation trust should act in accordance with the requirements of propriety or regularity. If the Board of Directors, Council of Governors or the Chairman is contemplating a course of action involving a transaction which you as Accounting Officer consider would infringe these requirements, however, you should set out in writing your objection to the proposal and the reasons for this objection. If the Board of Directors, Council of Governors or Chairman decides to proceed, you should seek a written instruction to take the action in question. You should also inform NHSI of the position, if possible before the decision is taken or in any event before the decision is implemented, so that NHSI, if it considers it appropriate, can intervene in accordance with its responsibilities under the Act. If the outcome is that you are overruled, the instruction must be complied with, but your objection and the instruction itself should be communicated without undue delay to the NHS foundation trust's external auditors and to NHSI. Provided that this procedure has been followed, the PAC can be expected to recognise that the Accounting Officer bears no personal responsibility for the transaction.
3. If a course of action is contemplated which raises an issue not of formal propriety or regularity but relating to your wider responsibilities for economy, efficiency and effectiveness, it is your duty to draw the relevant factors to the attention of the Board of Directors and the Council of Governors and to advise them in whatever way you deem appropriate. If your advice is overruled, and the proposal is one which as Accounting Officer you would not feel able to defend to the PAC as representing value for money, you should seek a written instruction before proceeding. NHSI should be informed of such an instruction, if possible before the decision is implemented. It will then be for NHSI to consider the matter, and decide whether or not to intervene.
4. If, because of the extreme urgency of the situation, there is no time to submit advice in writing in either of the eventualities referred to in paragraphs 13 and 14 before the decision is taken, you must ensure that, if the advice is overruled, both the advice and the instructions are recorded in writing immediately afterwards.

## 23/26.5.2 – APPENDIX 1

### 6.1.6 Appearance before the Committee of Public Accounts (PAC)

1. The Comptroller and Auditor General (C&AG) may, under the National Audit Act 1983, carry out examinations into the economy, efficiency and effectiveness with which the NHS foundation trust has used its resources in discharging its functions. An Accounting Officer may expect to be called upon to appear before the PAC from time to time to give evidence on the reports arising from these examinations or reports following the annual certification audit, and to answer the PAC's questions concerning expenditure and receipts for which he or she is Accounting Officer. An Accounting Officer may be supported by one or two other senior officials who may, if necessary, assist in giving evidence.
2. An Accounting Officer will be expected to furnish the PAC with explanations of any indications of weakness in the matters covered by paragraphs 8 - 15 above, to which their attention has been drawn by the C&AG or about which they may wish to question the Accounting Officer.
3. In practice, an Accounting Officer will normally have delegated authority to others, but cannot on that account disclaim responsibility or dilute his or her accountability. Nor, by convention, does the incumbent Accounting Officer decline to answer questions where the events took place before taking up appointment: the PAC may be expected not to press the incumbent's personal responsibility in such circumstances.
4. The PAC has emphasised the importance it attaches to accuracy of evidence, and the responsibility of witnesses to ensure this, in order to ensure that relevant lines of enquiry may be pursued at its hearings. The Accounting Officer should ensure that he or she is adequately and accurately briefed on matters which are likely to arise at the hearing. The Accounting Officer may, however, ask the PAC for leave to supply information not within his or her immediate knowledge by means of a later note. Should it be discovered subsequently that the evidence provided to the PAC has contained errors; these should be made known to the PAC at the earliest possible moment.
5. In general, the rules and conventions governing appearances of officials before parliamentary committees apply to the PAC, including the general convention that officials do not disclose the advice given to the board. Nevertheless, in a case where the procedure described in paragraph 13 was used concerning a matter of propriety or regularity, the Accounting Officer's advice, and it's overruling by the board, would be disclosed to the PAC. In a case covered by paragraph 14, where the advice of an Accounting Officer has been overruled in a matter not of propriety or regularity but of prudent and economical administration, efficiency or effectiveness, the C&AG will have made clear in the report to the PAC that the Accounting Officer was overruled. The Accounting Officer should seek to avoid disclosing the advice given to the board, though subject to their agreement the Accounting Officer should be ready to explain the reasons for their decision.

## **23/26.5.2 – APPENDIX 1**

### **6.1.7 Absence of an Accounting Officer**

1. An Accounting Officer should ensure that he or she is generally available for consultation and that in any temporary period of unavailability due to illness or other cause, or during the normal period of annual leave, there will be a senior employee in the NHS foundation trust who can act on his or her behalf if required.
2. If it becomes clear to the Board of Directors that an Accounting Officer is so incapacitated that he or she will be unable to discharge these responsibilities over a period of four weeks or more, the Board of Directors should appoint an acting Accounting Officer, usually the Chief Finance Officer, pending the Accounting Officer's return. The same applies if, exceptionally, the Accounting Officer plans an absence of more than four weeks during which he or she cannot be contacted.
3. The PAC may be expected to postpone a hearing if the relevant Accounting Officer is temporarily indisposed. Where the Accounting Officer is unable by reason of incapacity or absence to sign the accounts in time for submission, the NHS foundation trust may submit unsigned copies pending the Accounting Officer's return. If the Accounting Officer is unable to sign the accounts in time for printing, the acting Accounting Officer should sign instead.

#### **Sources**

This document is based on the guidance outlined in *Managing Public Money*, updated in September 2018, available on the following website link:

<https://www.gov.uk/government/publications/managing-public-money>

## 23/26.5.2 – APPENDIX 1

### 6.2 Scheme of Delegation from Standing Orders

SO REF*	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
1.1	Chairman	Final authority in interpretation of Standing Orders (SO's).
3.2	Chairman	Call meetings.
3.9	Chairman or Deputy Chairman	Chair all Board meetings and associated responsibilities.
3.15	Chairman	Give final ruling in questions of order, relevancy and regularity of meetings.
3.16	Chairman	Having a second or casting vote
3.30	Integrated Audit and Governance Committee	Integrated Audit and Governance Committee to review every decision to suspend SO's (power to suspend SO's is reserved to the Board of Directors)
4.2	Chairman & Chief Executive	The powers which the Board of Directors has retained to itself within these SO's may in emergency be exercised by the Chair and Chief Executive after having consulted at least two Non-Executive members.
4.5	Chief Executive	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.
4.6	All	Disclosure of non-compliance with SO's to the Chief Executive or Chair of the Audit Committee as soon as possible.
6.8	Trust Secretary	Maintain Register(s) of Interests.
7.1	All staff	Comply with the Trust's Anti-Fraud, Bribery and Corruption Policy and Code of Conduct, and with national guidance contained in "Managing conflicts of Interest in the NHS – guidance for staff and organisations"
7.8	All	Disclose relationship between self and candidate for staff appointment. (CE to report the disclosure to the Board of Directors.)
8.1&8.3	Trust Secretary	Keep seal in safe place and maintain a register of sealing.
9.1	Executive Director, Risk & Legal Services Manager, Claims Manager	Approve and sign all documents which will be necessary in legal proceedings.

\* SO Annex 8 within the Trust Constitution

## 23/26.5.2 – APPENDIX 1

### 6.3 Scheme of Delegation from Standing Financial Instructions

Nominated employees and the areas for which they are responsible are incorporated into the Trust's Detailed Scheme of Delegation document, SFI's set out detailed responsibilities of the Chief Finance Officer, Financial and other responsibilities of the Chief Executive are covered in SFI's and the Accounting Officer Memorandum.

SFI clauses applicable to other directors, to budget holders (all levels) and line managers, and in some cases to all employees and contractors, are summarised in the following table.

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
3.3 & 4.5.2	Chief Finance Officer	Reviews all financial procedures ahead of approval in line with the Policy for the Development and Management of Organisation Wide Policies and Other Procedural Documents, and the form in which financial records are kept
3.3-3.7	All employees and contractors	Duty to comply with SFI's and report any breaches
4.2.3	Chief Executive	To ensure that all directors and employees are made aware of their responsibilities under SFI's
4.4.1	All	Responsible for security of Trust property, economy and efficiency in use of resources; avoid loss and report suspected fraud.
5.2.2	All	Internal audit are entitled to access all records and premises, and have access to all directors and employees.
5.2.3	All	Notify Chief Finance Officer of any suspected irregularity relating to cash, stores, property or other financial matter
5.6.3	Director of Strategic Development and Capital Planning	Key tasks relating to security management (with the Local Security Management Specialist)
7.1.6	Budget holders	Provide information for compiling annual budgets. Sign off budgets and prepare and sign off business plans at the commencement of the financial year.
7.2.2-7.2.4, 7.3.1 to 7.3.4	Budget holders	Budgetary control arrangements to meet agreed budgets
7.6.1	Care Group Directors	Achieve performance targets. Report on performance to the Board, Finance and Performance Committee and Executive Team.
7.6.3	Domain leads	Nominated Executive Directors agree changes to scoring/weighting/RAG rating thresholds
7.6.4	Chief Finance Officer	Ensure Performance Management framework is in place. Maintain Operational Framework.
9.5.6 & 9.5.10, 9.6.4	Finance managers	Employees authorised to make short term borrowings and invest cash surpluses (within the Treasury policy)
10.2.2 – 10.2.3	All	Ensure Chief Finance Officer approves all fees and charges where not covered by statute or determined by DHSC. For sponsorship income ensure the Trust's Ethical guidance and NHS England's "Managing Conflicts of Interest in the NHS – Guidance for staff and Organisations" is followed. Notify Chief Finance Officer of monies due from contracts, leases, tenancy agreements, private patients and other transactions
10.4.2- 10.4.4	All	All cash, cheques and payable orders received must be banked intact with no disbursements or encashment of private cheques or IOUs. Unofficial funds deposited for safekeeping in Trust safes are subject to strict procedures and obtaining written indemnities.
10.5.1	All	Money laundering regulations - cash payments in excess of 15,000 Euros will not be accepted.
11.1.5 to 11.1.7	All	Formal signed SLA's/contracts are required before goods or services can be provided to or by the Trust
12.3.1	All	Limits on employing permanent and temporary staff which must fit within approved budget levels
12.4.3	Line managers	Delegated responsibility for completion and submission of time records, termination and other payroll-related notifications which must be made in a timely manner
12.5.1	Director of HR	Ensuring Contracts of employment comply with legislation. Dealing with variations and terminations.
13.2.1	Approved requisitioners	Obtain best value for money in requisitioning goods and services (on Procurement Services advice)
13.4	Budget holders	Must submit formal request (to Chief Finance Officer) for payment in advance of goods/service being received.



## 23/26.5.2 – APPENDIX 1

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
13.6	All	Duties of managers and employees in relation to procuring goods and services, raising requisitions, goods on loan, verbal orders and petty cash.
13.6.2	Director of Strategic Development and Capital Planning	Audit of contracts to ensure compliance with Concode and Estatecode
14.1	Director of Strategic Development and Capital Planning	Planning and reporting on the capital programme
14.1.7	Capital project managers	Expenditure on individual schemes under the approved capital programme requires specific authority to proceed.
14.4.3-5	All	Report discrepancies in the asset register (annual verification exercise for budget holders). Report damage and loss of property and equipment. Assets should be marked as Trust property.
15.2	Relevant managers and departmental employees	Stock control arrangements.
15.3.1	Budget holders and ward/departmental nominees	For goods obtained through the NHS Supply Chain ('stock' requisitions) check deliveries against the delivery note and follow up to ensure credit is received.
16.1.2	Budget holders	Condemning and disposal procedures
16.2.2	All	Notifying losses, actual and suspected.
16.2.3	All	Notifying suspected fraud (see Anti-Fraud Policy)
17.2.1	All	Notify Director of Strategic Development and Capital Planning of any proposed new IT systems/applications.
18.2	Chief Nurse/Director of Quality	Patient's property: ensuring systems and procedures are in place covering written and oral advice to patients and relatives. Ensuring Relative Support Officer function is provided.
18.6 & 18.7	Relevant ward/departmental managers	Staff to be informed, on appointment, of their responsibilities for patients' property.
19.3.1	All	These SFI's apply also to charitable funds
20	All	Staff to be aware of Trust policy on accepting gifts (see Anti-Fraud policy) plus NHS England's "Managing Conflicts of Interest in the NHS – Guidance for staff and Organisations"
21	All	Archiving and destroying records
22.1.2	Trust Secretary	Preparation and maintenance of the Board Assurance Framework.
22.1.2	Chief Nurse/Director of Quality	Preparation and maintenance of the Quality Governance Statement.
22.1.4	Trust Secretary	Annual Governance Statement
22.1.2	Chief Nurse/Director of Quality	Responsible for Trust-wide risk management strategy, processes and Board-level reporting.
22.1.3	Deputy Director of Risk, Governance & Patient Safety	Preparation and maintenance of the Corporate Risk Register.
22.1.3	Care Group and Executive Directors	Ensuring formalised Care Group/corporate governance structures in accordance with the Trust's Risk Management Strategy.
22.3.1c	Budget holders	Income generating activities may require commercial insurance
24	All	Tendering procedures

Delegated matters in respect of decisions which may have a far reaching effect must be reported to the Chief Executive.

***EAST KENT HOSPITALS UNIVERSITY NHS FOUNDATION  
TRUST***

**STANDING  
FINANCIAL  
INSTRUCTIONS  
(SFI's)**

**Detailed Scheme of Delegation**

Last Approved by: Board of Directors 18 May 2022

Issued By: Chief Finance Officer

Next review: April 2024 2020

**Appendix 2 to Standing Financial Instructions**

**Detailed Scheme of Delegation**

The delegation shown in the following Detailed Scheme of Delegation is the lowest level to which authority is delegated. Delegation to lower levels is only permitted with written approval of the Chief Executive who will, before authorising such delegation, consult with other Senior Employees as appropriate.

The use of commas in the table below is a substitute for “or”. Where the authority of more than one employee is required this is clearly indicated by the use of ‘and’.

## 23/26.5.2 – APPENDIX 1

### Schedule A: Requisitioning and payment of invoices – revenue (Budget Holders)

#### A1. Requisitioning and payment of invoices within delegated budget in conjunction with Agresso e-requisitioning and workflow structures:

<b>Delegated Matter (contract value including non-reclaimable VAT)</b>	<b>Authority Delegated to Grade/Post (Budget Holder)</b>	<b>Reference</b>
Up to £500	AfC 4	SFI13 and 24 (to comply with any specific requirements laid down under NHSi's financial special measures)
Up to £1k	AfC 5	
Up to £5k (1)	AfC 6/7	
Up to £25k	AfC 8a/8b	
Up to £50k	AfC 8c/8d	
Up to £250k (2)(3)	AfC 9/VSM	
Up to £500k	AfC 9/VSM and Executive Director	
Up to £1.0m	AfC 9/VSM and Chief Exec and Finance Director	
Over £1.0m	Trust Board	
<b>Budget virement</b>	As above (4)	See Budget Virement Policy
Items below £5k not funded within Care Group budgets	Care Group Director or Assistant Finance Director	
<b>Non pay expenditure over £5k for which no specific budget has been set up</b> and which is not subject to funding under delegated powers of virement.	Deputy Finance Director	
<b>Approving payment of invoices in excess of tender/order price:</b> 5% of order value (up to maximum £50 per order)	Payments Manager	Above this limit is referred to the Procurement Services Department to investigate to request a credit note if appropriate or, if the higher price is correct, to obtain budget holder approval at the correct authorisation level and amend the purchase order accordingly.

(1) Includes Clinical Leads

(2) Includes Care Group Clinical Directors

(3) Delegated limits includes 2gether contract variations with the group based on the annual full year effect changes to the unitary payment but excludes framework or other annual contract where the commitment has already been made by the budget holder e.g. NHS Professionals and NHS Supply Chain which are authorised by agreed Agency approval process

(4) The Assistant Director of Finance (Financial Management) has delegated authority from the Chief Finance Officer to allocate funds from central resources and reserves as operationally required

(5) The business case approval process is shown under section E.

Additional controls operated by the Procurement Services Department and the Finance Department may be applicable from time to time.

## 23/26.5.2 – APPENDIX 1

### A2. Expenditure from Charitable Funds – per request:

Delegated Matter	Authority Delegated to Grade/Post (1)	Reference SFI 19
Up to £2k	Delegated signatory (known as fund managers)	
Up to £30k	Delegated signatory and Executive Team member or Assistant Finance Director	
Up to £100k	Delegated signatory and CFO (or Deputy in absence of CFO)	
Over £100k	Board of Directors on recommendation of Charitable Funds Committee (CFC)	

(1) A separate authorised signatory list is maintained for charitable funds. The Business Case procedure is applicable to purchases over £5k from charitable funds. The Trust's SO's, SFI's, quotation/tendering requirements and Scheme of Delegation are all applicable to charitable funds.

### Schedule B: Signing orders and contracts

(including subsequent variations) for goods and services – revenue (Procurement Services)

#### B1. Within delegated budget in conjunction with Agresso e-requisitioning and workflow structures:

Delegated Matter (contract value including non-reclaimable VAT)	Authority Delegated to Grade/Post (Procurement Services)	Reference
Up to £2.5k	Assistant Buyer	
Over £2.5k and up to £5k	Buyer	
Over £5k and up to £25k	Senior Buyer	
Over £25k and up to £100k	Category Manager (1)	
Over £100k and up to £250k	Senior Category Manager	
Over £250k	Associate Director of Strategic Procurement, 2gether nominated officer	

(1) All contracts are signed by category manager or above

#### B2. Authority to exceed specific ordering limits by up to 5% once a tender has been formally accepted, where the contract value is exceeded by:

Delegated Matter (including non-reclaimable VAT)	Authority Delegated to:	Reference
Up to £20k	Category manager	
Over £20k and up to £100k	Associate Director of Strategic Procurement	
Above £100k or 5% above contract value	Further authorisation to be sought from original approving body	

(1) Excludes 2gether contract variations within the wholly owned subsidiary (see A1).

(2) Additional controls operated by Procurement Services and the Finance Department may be applicable from time to time.

**23/26.5.2 – APPENDIX 1****Schedule C: Capital****C1: Requisitioning capital expenditure within agreed capital programme (see capital approval process under section E):**

<b>Delegated Matter (contract value including non-reclaimable VAT)</b>	<b>Authority Delegated to Grade/Post</b>	<b>Reference</b>
Up to £100k	Head of IT (for IT items only)	SFI 14 and 24
Up to £250k	2gether nominated officer and Strategic Investment Group sub Group Leads, Head of IT (for IT projects only) and nominated Project Managers, Senior Financial Accountant or nominated deputy	
Up to £1.5m	As above plus Executive Director	
Above £1.5m	As above plus Chief Executive	

**C2: Approval of capital schemes where tender or cost is over budget:**

<b>Delegated Matter (including non-reclaimable VAT)</b>	<b>Authority Delegated to Grade/Post</b>	<b>Reference</b>
Up to £10k	Senior Financial Accountant or nominated deputy	Reported to Strategic Investment Group
Up to £100k	Chief Executive, DDoF	Reviewed by Strategic Investment Group
Over £100k	Chief Executive's Group, Board Committee or Board of Directors	Referred back to the original authorising body

**C3: Approval of capital schemes miscellaneous:**

<b>Delegated Matter</b>	<b>Authority Delegated to Grade/Post</b>	<b>Reference</b>
C3a. Selection of architects, quantity surveyors, consultant engineer and other professional advisors within EU regulations	Two of 2gether nominated officers	
C3b. Financial monitoring and reporting on all capital scheme expenditure	DDoF	Reported to Trust Board, Finance and Performance Committee and Prioritisation Committee
C3c. Taking on or termination of leases with annual rental of up to £150k	2gether nominated officer and DDoF	Refer to Assistant Director of Financial Accounting to advise if this would be a finance or operating lease
C3d. Taking on or termination of leases with annual rental of over £150k	CFO	As above
C3f Impacting on protected services and/or protected assets	NHSI	

**23/26.5.2 – APPENDIX 1**

**Schedule D: Quotation, Tendering and Contract Procedures**

**D1: Competition requirements:**

<b>Delegated Matter (contract value including non-reclaimable VAT)</b>	<b>Authority Delegated to Grade/Post</b>	<b>Reference</b>
		SFI 24
Ensuring value for money is obtained for goods and services purchased under £10k	Budget signatories (within delegated limits)	
Obtaining a minimum of 2 formal written quotations on a competitive basis for goods and services between £10k and £20k, on a whole-life basis for expenditure or income.	Budget signatory (within delegated limit) and Procurement Services Department in accordance with Trust Procurement to Pay Policy.	
Obtaining formal written competitive tenders for goods or services above £20k.	Budget Director (or AFD in their absence) and Associate Director of Strategic Procurement and one other 2gether nominated officer: following Estates Tendering Procedure Manual	

**D2: Waiving competition requirements:** Authorisation for a single tender action and waiver of tendering requirements:

<b>Delegated Matter (contract value including non-reclaimable VAT)</b>	<b>Authority Delegated to Grade/Post</b>	<b>Reference</b>
		SFI 24
Up to £150k	Assistant Finance Director	
Up to 500k	DDoF	
Up to £1.5m	CFO or Chief Executive	
Over £1.5m	Board of Directors	

**D3: Opening tenders and quotes:**

<b>Delegated Matter (contract value including non-reclaimable VAT)</b>	<b>Authority Delegated to Grade/Post</b>	<b>Reference</b>
		SFI 24, and Estates Tendering Procedure Manual
Up to £20k	Any two Procurement Employees, Senior Category Manager – Procurement Services	
For electronic tenders above £20k and up to £250K	Procurement tenders: Senior Category Manager, Associate Director of Strategic Procurement. Strategic Estates tenders: received and opened by two 2gether nominated officers	SFI 24.13.2
For electronic tenders above £250k	Procurement tenders: Senior Category Manager, Associate Director of Strategic Procurement. Strategic Estates tenders: received and opened by Two 2gether nominated officers Planning	

## 23/26.5.2 – APPENDIX 1

### D4: Acceptance of tenders and quotes:

<b>Delegated Matter (contract value including non-reclaimable VAT)</b>	<b>Authority Delegated to Grade/Post</b> (after due process including approval of the relevant budget holder/service Director as applicable)	<b>Reference</b> SFI 24.16 and Scheme of Reservation 1.7.3
Up to £10k	2gether nominated officer (within delegated limits)	
Up to £20k	Associate Director of Strategic Procurement, Senior Category Manager - Procurement Services	
Up to £100k	Associate Director of Strategic Procurement and 2gether nominated officer	
Up to £250k	Assistant Finance Director	
Up to £500k	Chief Executive and DDoF, and 2gether nominated officer.	
Up to £1.5m	Any two of: Chief Executive, CFO or 2gether nominated officer	
Over £1.5m	Board of Directors	Or, if urgent, Chairman and Chief Executive, reported at the next Board meeting (SO 4.2)

### D5: Authority to issue a letter of intent:

<b>Delegated Matter (contract value including non-reclaimable VAT)</b>	<b>Authority Delegated to Grade/Post</b>	<b>Reference</b>
Up to £20k	Associate Director of Strategic Procurement, Senior Category Manager, Procurement Services Department	
Up to £100k	Associate Director of Strategic Procurement, 2gether nominated officer	
Up to £500k	Chief Executive, CFO	
Over £500k	Chief Executive, CFO with Board approval	

### D6: Commercial Tenders (new markets and competition for provision of services)

<b>Delegated Matter (contract value including non-reclaimable VAT)</b>	<b>Authority Delegated to Grade/Post</b>	<b>Reference</b> Strategic Development Policy agreed at Finance and Performance Committee
Services currently provided by the Trust): - Up to £499k per annum - £500k to £999k per annum - above £1.0m per annum	Executive Management Team Finance and Performance Committee Board	
New business: - Up to £249k per annum - £250k to £499k per annum - above £500k per annum	Executive Management Team Finance and Performance Committee Board	



## DELEGATED INVESTMENT APPROVAL LIMITS

APPROVAL GROUP	SCOPE		
	OVERALL/ SELF-FUNDING	REVENUE FUNDING REQUIRED	CAPITAL FUNDING REQUIRED
<b>Care Group Boards</b>	Approve investment proposals within Care Group “redistributable resource” (approved budget baseline). <b>EXCEPT</b> New Service Business cases/impact on other Care Groups or Business cases with a contract activity Impact	-	-
	<b>Then to (if applicable):</b>		
<b>Strategic Investment Group (SIG)</b>	Approve self-funding business cases up to £1.25m cost impact over five years (<= £250k p/a average cost)	Approve non self-funding business cases up to £750k cost impact over 5 years (<= £150k ap/a average cost)	Approve up to £500k Capital Investment (only) - no revenue cost impact
	<b>Then to (if applicable):</b>		
<b>Clinical Executive Management Group (CEMG)</b>	Approve self-funding Business cases from >£1.25m to < £2.5m cost impact over five years (<= £500k p/a average cost base change)	Approve Non self-funding Business Cases up to £1.75m cost impact over five years (<= £350k p/a average cost)	Approve >£500k to <£1m Capital Investment
	<b>Then to (if applicable):</b>		
<b>Finance &amp; Performance Committee (FPC)</b>	Approve self-funding Business cases from >£2.5m to < £5m cost impact over five years (<= £1m p/a average cost base change)	Approve Non self-funding Business cases up to £2.5m cost impact over five years (<= £500k p/a average cost)	Approve >£1m to <£2.5m Capital Investment
	<b>Then to (if applicable):</b>		
<b>Trust Board of Directors (BoD)</b>	Approve self-funding Business cases over £5m cost impact over five years (> £1m p/a average cost base change)	Approve Non self-funding Business cases over £2.5m over five years (> £500k p/a average cost)	Approve over £2.5m Capital Investment

**23/26.5.2 – APPENDIX 1**

<b>Delegated matter</b>	<b>Authority delegated to (lowest level)</b>	<b>Reference documents</b>
<b>1. Management of budgets</b> <b>1.1 Responsibility for keeping within budgets</b>		SFI 7, 12, 13 and Performance Management Framework
Clinical Care Group	Care Group Director	
Corporate directorates	Executive Director	
Corporate budgets	Assistant Finance Director	
Individual budget	Delegated budget signatory	
<b>2. Bank accounts</b>	CFO. Day to day authorisations in accordance with bank mandates approved by the Board	SFI 9
Approve working capital facility and Trust's main commercial bankers	Board of Directors	
Approve external Investment Management contracts	Finance and Performance Committee	
Investment of surplus cash in accordance with Policy	Assistant Finance Director	Treasury Policy
<b>3. Setting of fees and charges</b>		SFI 10
Private Patients, Overseas Visitors, other patient services Income Generation	Assistant Finance Director Income	
NHS Service Level Agreements – local tariffs	Assistant Finance Director Income	
Approving credit notes to be raised by the Trust	In line with authority for raising invoices. Credit notes over £1k are subject to review by the Financial Accountant.	
<b>4.1 Engagement of Temporary Staff</b>	Note: This section is subject to the operation of any additional vacancy control processes authorised from time to time by the CEO. Note also that Care Groups may impose additional counter-signatory requirements.	SFI 12.3.1 and 24.27 Refer to the Trust's agency staff approval process
a. Non-Medical Consultancy Staff - all appointments	Care Group Director <u>and</u> Executive Director. Any appointment costing more than £50k will require pre-approval from NHSI.	DHSC guidance on procurement of management consultants
b. Individual temporary staff where the aggregate commitment in any one year is more than £25,000	Care Group manager and Care Group Finance Lead	This section should be read in conjunction with the NHSI Guidance on agency staff usage and the bank procedure. Where proposed expenditure is not covered within the delegated budget, additional approval must be obtained from the Chief Finance Officer and Director of HR
c. Booking of bank staff	Budget Signatory (within delegated budget)	
d. Booking of framework agency staff	Budget Signatory (within delegated budget)	
e. Booking off-framework agency staff	Care Group Director	
f. Renewal of Fixed Term Contract	Deputy budget manager (subject to relevant vacancy controls for clinical and non-clinical staff) with change forms signed off by Care Group Finance Lead/HR Business Partner	
Approval of temporary, bank or fixed term contract staff outside budget limits	CFO and HR Director	

## 23/26.5.2 – APPENDIX 1

<b>4.2 Trust's Solicitors</b>		
a. Engagement	Chief Executive	
b. Referral of a case etc to appointed Solicitors	Legal Services Managers	Trust's Policy on obtaining Legal Advice
<b>5. Agreements and licences</b>		
Preparation and signature of tenancy agreements and licences for staff	2gether nominated officer and DDoF	Subject to Trust Staff Accommodation Policy
Extensions to existing leases	2gether nominated officer and DDoF	
Letting of premises to outside organisations (in accordance with Estate Code)	2gether nominated officer	
Approval of rent based on professional assessment	DDoF	
Charitable funds properties: Letting premises to outside organisations Approval of rent based on professional assessment Appointment of agents to manage external letting	Charitable Funds Committee  Charitable Funds Committee  CFO	
<b>6. Condemning and Disposal</b>		SFI 16
Items obsolete, obsolescent, redundant, irreparable or not cost-effective to repair:	Note: liaison with Procurement Services is required for all disposals to ensure Health and Safety issues are addressed	Sale of protected assets (land and buildings) requires Board and NHSI approval
Estimated replacement cost up to £5k	Budget Manager and Senior Category Manager: Procurement Services	
Estimated replacement cost over £5k	In line with delegated budgetary approval	
Mechanical and engineering plant	2gether nominated officer and DDoF	Note: capital receipts may not always be available for reinvestment in the area which generated the sale.
Sale of property (land/buildings)	Finance and Performance Committee to approve sale at market valuation +/- parameters for ED approval of subsequent offer	
Other	Budget Manager and Senior Category Manager: Procurement Services (after reporting to DDoF and Senior Financial Accountant)	
Disposal of X-ray film – estimated sale value up to £5k	Deputy Budget Manager	
Disposal of X-ray film – estimated value over £5k.	Budget Manager and Senior Category Manager: Procurement Services	
Sale of Charitable funds properties	Charitable Funds Committee to recommend sale at market valuation +/- parameters for Board approval. CFO or CE approval of subsequent offer	

## 23/26.5.2 – APPENDIX 1

<p><b>7. Losses and Special Payments</b>          Note. The Trust has delegated authority to write off losses without limit, except that: Any novel, contentious or repercussive cases have to be referred for DH approval. Proposed staff severance payments that exceed legal or contractual obligations require prior approval from Treasury.</p>	<p>Note: a summary of all losses and special payments is reported to the Integrated Audit &amp; Governance Committee. Cases over £250k are reported separately in the annual accounts.          All individual cases of £250k and above require Board approval.          All cases above £50k require approval from the CE and CFO and will be reported to the Finance and Performance Committee.          All cases above £1k require two signatures</p>	<p>SFI 16 and DHSC Group Accounting Manual (GAM)</p>
<p>a. Loss of cash: theft, fraud, overpayment or other reason</p>	<p>Assistant Director of Financial Accounting and DDoF</p>	<p>Subject to Debtors Policy for writing off bad debts and recovery of losses due to fraud</p>
<p>b. Fruitless Payments (incl. Abandoned capital schemes):</p>		
<p>Up to £50,000</p>	<p>Executive Director</p>	
<p>Over £50,000</p>	<p>Trust Board</p>	
<p>c. Claims abandoned. Private patients, overseas visitors and other including NHS and non NHS debtors</p>	<p>DDoF</p>	<p>Subject to Debtors Policy for writing off bad debts.</p>
<p>d. Damage to buildings, fittings, furniture and equipment, loss of equipment including IT and property in stores and in use, due to culpable causes (e.g. fraud, theft, arson, administrative failure)</p>	<p>Two of 2gether nominated officers or DDoF and Legal Services Managers or Local Counter Fraud Specialist and /or Local Security Management Specialist</p>	
<p>e. Compensation payments made under legal <u>obligation</u> resulting from a Court Order or legally binding arbitration award.</p>	<p>Deputy Director of Risk, Governance &amp; Patient Safety or Corporate HR Manager PLUS Executive Director or DDoF</p>	
<p>f. Extra contractual payments to contractors</p>	<p>2gether nominated officer and DDoF</p>	
<p>g. Ex-gratia payments to patients and staff for loss of personal effects:</p>		
<p>i) Less than £1,000</p>	<p>Legal Services Managers</p>	
<p>ii) Between £1,000 and £5,000</p>	<p>Legal Services Managers and Deputy Director of Risk, Governance &amp; Patient Safety (DDRGPS)</p>	
<p>iii) Over £5,000</p>	<p>DDRGPS PLUS an Executive Director</p>	
<p>h. Clinical negligence negotiated settlements (with legal advice)</p>	<p>DDRGPS PLUS an Executive Director</p>	<p>Note: the NHSLA has financial responsibility for all cases covered by the scheme. However, it may allow the Trust to settle low-level cases directly</p>
<p>i. personal injury claims involving negligence where legal advice has been obtained and guidance applied</p>	<p>DDRGPS PLUS an Executive Director</p>	<p>NHSLA guidance</p>

## 23/26.5.2 – APPENDIX 1

<p>j. Other ex gratia payments relating to clinical negligence and personal injury claims not subject to legal advice</p> <ul style="list-style-type: none"> <li>• Under £1,000</li> <li>• Between £1,001 and £5,000</li> <li>• Between £5,000 and £50,000 (in practice legal advice would be sought for a claim at this level, or for clinical negligence would be processed through the NHSLA)</li> </ul>	<p>Legal Services Managers</p> <p>Legal Services Managers and DDRGPS</p> <p>DDRGPS and an Executive Director or DDoF</p>	<p>Note: Redress policy being developed; payments to be approved by Care Group Directors</p>
<p>k. Other ex gratia including maladministration up to £50,000 Bands as section j above</p>	<p>As section j above</p>	<p>Note: where complainant has suffered no financial loss, compensation can only be justified in very exceptional circumstances</p>
<p>l. Other – settlements on termination of employment:</p>		
<p>i) contractual</p>	<p>Head of Employee Relations and Assistant Finance Director</p>	
<p>ii) Under legal obligation</p>	<p>As section e above</p>	
<p>iii) other</p>	<p>Treasury approval</p>	<p>HR Policy derived from Treasury guidance in DHSC Group Accounting Manual (GAM)</p>
<p>m. Payment of Court Disclosure Orders</p>	<p>Legal Services Managers</p>	<p>On instruction from Trust solicitors</p>
<p><b>8. Reporting of incidents to the Local Counter Fraud Specialist or Trust's Local Security Management Specialist and the Police</b></p>		<p>SFI 5</p>
<p>a. Where a criminal offence is suspected:-</p>		
<p>i) Criminal offence of a violent nature, theft or criminal damage</p>	<p>Responsible Manager And Security Manager</p>	<p>All security related incidents of theft or criminal damage must be notified to the Chief Executive, NHS Protect and the Police by the LSMS.</p>
<p>ii) Other security breach or knowledge of unreported security incident</p>	<p>Responsible Manager and Security Manager</p>	
<p>b. where a fraud is involved</p>	<p>Employee to notify CFO or Local Counter Fraud Specialist</p>	<p>In accordance with the Trust's Anti-Fraud Policy</p>
<p><b>9. Petty Cash</b></p>		<p>SFI 13</p>
<p>a) Disbursement from local imprest/cashiers office</p>	<p>Imprest holder</p>	
<p>b) Request for reimbursement cash/general office funds:-</p>		
<ul style="list-style-type: none"> <li>• Up to £100 per item</li> </ul>	<p>Budget Signatory</p>	
<ul style="list-style-type: none"> <li>• Up to £200 per item</li> </ul>	<p>Deputy Budget Manager</p>	
<ul style="list-style-type: none"> <li>• Over £200 per item</li> </ul>	<p>Budget Manager or Senior Financial Accountant</p>	
<p>c) Reimbursement of Patients monies</p>	<p>Cash/general office staff, Relative Support Officer</p>	
<p><b>10. Receiving Hospitality</b></p>		
<p>In excess of £25 per item received (or offered and refused) - Applies to both individual and collective hospitality receipts, in accordance with Trust guidelines and SO's</p>	<p>Declaration required in Trust's Hospitality register (held by Trust Secretary</p>	<p>Trust guidance on sponsorship and "Managing Conflicts of Interest in the NHS – A guide for staff and organisations"</p>

**23/26.5.2 – APPENDIX 1**

<b>11. Implementation of internal and external audit recommendations</b>	Lead director and designated manager	SFI 5
<b>12. Maintenance and update of Trust Standing Financial Instructions</b>	Assistant Finance Director	
<b>13. Investment of Charitable Funds</b>	CFO as Trustee (if absent: DDoF)	In accordance with policies agreed by the CFC and ratified by TB
<b>14. Personnel and Pay</b>	Note: this section is subject to the operation of any additional vacancy control processes authorised from time to time by the CEO	Vacancy control panel currently in force
<b>14.1</b> Authority to fill funded post on the establishment with permanent staff.	Budget signatory and all Requests to Recruit are signed off by Care Group Finance lead and relevant Care Group Director or Deputy to Executive Director	Recruitment and financial management procedures
<b>14.2</b> Authority in exceptional circumstances to appoint permanent staff to post not on the formal establishment.	AFD to obtain formal approval from Director of HR and CFO	Resourcing Dept Procedures and Case of need
<b>14.3 Additional Increments</b> The granting of additional increments to staff within national terms and conditions and the Trust's starting salaries policy	Employee Relations Manager following application from Care Group (Director or approved nominee)	AFC Management Guidance on Starting Salaries
<b>14.4 Grading of Posts</b> All requests shall be dealt with in accordance with Trust Procedure	Head of Employee Relations and Care Group Finance Lead	HR Policies
<b>14.5 Establishments</b>		
Responsibility for creating and maintaining a Trust-wide approved staffing establishment	CFO and Director of HR with appropriate sign off by the Chief Nurse and Director of Quality and Medical Director	
Additional posts to the agreed establishment with specifically allocated finance agreed by Finance Director and HR Director.	Relevant budget holder and Finance Manager and Care Group Lead and HR Business partner (clinical posts also signed off by the Head of Nursing or Clinical Lead as appropriate)	Resourcing Dept Procedures and Change to Authorised Establishment procedures
<b>14.6 Pay</b>	Note: This section is subject to the operation of any additional pay control processes authorised from time to time by the CEO. Note also that Care Groups may impose additional counter-signatory requirements.	
Authorisation of standing data forms affecting pay, new starters (within establishment), leavers and variations (except increments, re-grading and ad-hoc payments dealt with separately in this Scheme)	Budget signatory	
Authorisation of time and attendance on rostering system	Line manager (minimum level is budget signatory)	
Authorisation of overtime within budget	Budget signatory	
Authorisation of non-Agenda for Change or payment outside of national terms and conditions for medical staff	Head of HR and DDoF	
Authorisation of travel, subsistence and expenses claims	Budget signatory for Cost Centre charged	
<b>14.7 Approval of additional payments to staff:</b>		
Performance Related Pay Assessment	Remuneration Committee	
Other payments	DDoF and Head of HR	

**23/26.5.2 – APPENDIX 1**

<b>14.8 Leave</b>		See also Medical & Dental Terms & Conditions, and AfC T&C of Service. Refer also to Trust HR Policies.
Maintaining adequate leave records	Line manager	
Approval of annual leave	Line manager	
Medical Staff Leave of Absence - paid and unpaid	Care Group Medical Director	
<b>14.9 Special leave arrangements</b>		Special Leave Policy, Flexible Working Policy, Annual Leave Policy, Parents Toolkit
Compassionate leave up to 3 days	Line manager	
Paternity leave	Line manager	
Carers leave, up to 3 days	Line manager	
Special leave	Line manager	
Leave without pay	Line manager	
Time off in lieu	Line manager	
Maternity Leave - paid and unpaid	Line manager	
Flexitime – setting maximum level of accrued flexitime	Line manager	
Buying and selling annual leave	Line manager	
Flexible retirement	Line manager	
<b>14.10 Sick Leave</b>		Trust Sick leave policy
Extension of sick leave on half pay up to three months (in exceptional circumstances)	DDoF and Head of HR	Sickness Absence Policy, and terms and Conditions for Agenda for change staff and Medical staff
Extension of sick leave on full pay (in exceptional circumstances)	Head of HR and an Executive Director	
Return to work part-time on full pay to assist recovery	Line manager, in consideration of Occupational Health advice	
<b>14.11 Study Leave</b>		
Senior Medical staff study leave	Clinical Lead and Director of Med Education	Trust guidelines
Junior medical staff study leave	Relevant Consultant Educational Supervisor, Care Group Support Assistant and Clinical Tutor	KSS Deanery guidelines
All other study leave	Deputy budget manager and line manager	Trust study leave policy



**23/26.5.2 – APPENDIX 1**

<b>14.12 Removal Expenses, Excess Rent and House Purchases</b>		
Authorisation of payment of removal expenses incurred by employees taking up new appointments (providing consideration was promised at interview)	HR Director/ Head of HR	Removal expenses guideline
<b>14.13 Authorised Car &amp; Mobile Phone Users</b>		
Requests for posts to be authorised as car users	Budget manager (in line with Trust policy)	
Requests for posts to be authorised as mobile telephone users	Budget manager (and in line with Trust policy)	
<b>14.14 Mutually Agreed Resignation Scheme (MARS)</b>	Board	Subject to NHSI guidelines. Refer to the Trust MARS policy
<b>14.15 Redundancy</b>	CFO and Director of HR	
<b>14.16 ill Health Retirement</b>		
Decision to pursue retirement on the grounds of ill-health (final decision rests with the Pensions Agency)	Line manager	
<b>14.17 Dismissal</b>	Dismissing Manager (and in line with HR policy)	Trust disciplinary policies. Delivering Performance Policy, Sickness Absence Policy
<b>15. Authorisation of new drugs where no specific source of funding or income has been identified</b>	CFO on the recommendation of the Drugs & Therapeutics Committee	D&TC Terms of reference
<b>16. Authorisation of Sponsorship Deals</b>	Chief Executive, Medical Director and Director of Research and Innovation	Trust Policy: Ethical Guidelines on the Relationship between Trust Employees and the Biomedical Industry
<b>17. Authorisation of funded Research Projects</b>	Director of Research and Innovation	In line with Trust Policy for Management of R&D
<b>18. Authorisation of Clinical Trials</b>	Chief Executive, Medical Director and Director of Research and Innovation	
<b>19. Insurance Policies and Risk Management</b>		
a. management of the RM programme	Chief Nurse & Director of Quality	
b. Insurance arrangements	CFO and Legal Services Managers	
c. Payment of third party claims, pending recovery from the NHSLA (above the excess), and the Commissioner, based on request from NHSLA and Trust's solicitors	Legal Services Managers (over £50,000 also requires approval from the Assistant Finance Director - Financial Accounting)	NB excess may be recoverable under historic agreement with host commissioner
<b>20. Patients and relatives complaints</b>		Trust complaints procedure
a. overall responsibility for ensuring that all complaints are dealt with effectively	CE, Deputy Chief Nurse and Director of Quality	
b. responsibility for ensuring that complaints relating to a Care Group are investigated thoroughly	Care Group Top Team	
c. Coordination/facilitation of complaints	Head of Patient Experience Team	
d. coordinating the management of medico-legal complaints	Medical Director or CNDQ and Legal Services Managers	

## 23/26.5.2 – APPENDIX 1

<b>21. Relationships with Press</b>		
a. Non-emergency general enquiries	Trust Comms lead	Using Comms protocol on out of hours enquiries
b. Emergency, out of hours	On-call Exec Director via the switchboard operator	
<b>22. Infectious Diseases &amp; Notifiable outbreaks</b>	CNDQ and Director of Infection Prevention and Control	Trust Infection Control policy
<b>23. Patient Services</b>		
a. Variation of operating and clinic sessions within existing numbers	Care Group Director	
b. All proposed changes in bed allocation and use		Notified to ICBs etc.
Temporary	Chief Operating Officer	
Permanent	CFO	
c. Activity monitoring and reporting	CFO	
<b>24. Review of Fire precautions</b>	Fire Safety Officer	
<b>25. Review of all statutory compliance legislation and Health and Safety requirements including control of Substances Hazardous to Health Regulations</b>	2gether nominated officer	
<b>26. Review of Medicines Inspectorate Regulations</b>	Associate Medical Director, Director of Pharmacy	
<b>27. Review of compliance with environmental regulations, for example those relating to clean air and waste disposal</b>	Head of Strategic Intelligence	
<b>28. Information Governance including Data Protection, Data Security and Caldicott Guardian arrangements</b>		
a. Overall responsibility: SIRO	CFO	
b. Information (activity and contract minimum data)	Head of Information Services	
c. IT security and controls	Head of IT	
d. Overall Information Governance controls	Information Governance Manager	
e. Care Group controls	Care Group nominated leads	
f. Freedom of Information requests	Deputy Director Risk Governance and Patient Safety	
g. Publication scheme	Deputy Director Risk Governance and Patient Safety	
h. Data Protection Act requests and compliance	Information Governance Manager	
i. Review of Trust's compliance with the Access to Records Act	Information Governance Manager	
j. Review of the Trust's compliance with the code of practice for handling confidential information	Information Governance Manager	

**23/26.5.2 – APPENDIX 1**

<p><b>29. Retention of Records:</b>  a. maintaining archives and compliance with Trust Policy  b. Control of access to central clinical records  c. Policy lead</p>	<p>Heads of Department   Patient Access Service Manager   Board Secretary</p>	<p>SFI 21</p>
<p><b>30. Monitor proposals for contractual arrangements between the Trust and outside bodies</b></p>	<p>Care Group Directors, DDoF, Head of Supplies &amp; Procurement, Associate Director of Procurement (as appropriate)</p>	
<p><b>31. The keeping of a Declaration of Interests Register</b></p>	<p>Trust Secretary</p>	<p>SO's Section 6*</p>
<p><b>32. Attestation of Sealings in accordance with Standing Orders</b></p>	<p>Chairman, Executive Directors</p>	<p>SO's Section 8*</p>
<p><b>33. The keeping of a register of Sealings</b></p>	<p>Trust Secretary</p>	<p>SO's Section 8*</p>
<p><b>34. The keeping of the Gifts and Hospitality Register</b></p>	<p>Trust Secretary</p>	
<p><b>35. Clinical Audit: ensuring programme of risk management includes clinical audit</b></p>	<p>Medical Director and CNDQ with Chair of Clinical Audit and Effectiveness Group</p>	<p>SFI 22</p>
<p><b>36. Control of Stores</b></p>		<p>SFI 15</p>
<p>a. Central stores and materials management stock (managed by 2gether as part of the OHF)</p>	<p>Materials Manager Procurement Services</p>	
<p>b. Formal stocks (full stock take monthly or annually as agreed. Stocks included as part of the OHF are managed by 2gether)</p>	<p>Managers of Pharmacy, Theatres, Day Surgery, Estates, Cardiology, Haemophilia, Blood transfusion, Radiology, CSSD, Audiology, AND Assistant Director of Financial Accounting</p>	<p>Trust Stocktaking procedure</p>
<p>c. Other stock holding</p>	<p>Budget signatories</p>	