

Meeting title:	Trust Board – Public	Public Trust Board paper G			
Date of the meeting:	03 November 2022				
Title:	Standing Financial Instructions and Scheme of Delegation				
Report presented by:	Becky Cassidy, Director of Corporate and Legal Affairs				
Report written by:	Becky Cassidy, Director of Corporate and Legal Affairs				
Action – this paper is for:	Decision/Approval	x	Assurance		Update
Where this report has been discussed previously	The SFIs and SoD has been reviewed and supported by the Audit Committee				

<p>Acronyms used: SFIs – Standing Financial Instructions SoD – Scheme of Delegation SOs – Standing Orders</p>
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Purpose of the Report

This report presents the Trust Board with the reviewed SFIs and SoD for approval.

Recommendation

The Trust Board is asked to:

- Approve the SFIs and SoD following support from the Audit Committee

Summary

It is good practice to review the SFIs, SoD and SOs on an annual basis to ensure they remain fit for purpose and allow the organisation to make decisions in a robust and timely manner. A review of the SFIs and SoD also forms part of the ‘roadmap’ to deliver improved sustainable financial governance.

The Audit Committee have reviewed the document and supported the SFIs and SoD and recommend to the Trust Board for approval.

A review and re-write of the Trust’s Standing Orders is taking place and will be presented to the Audit Committee for comment and support in December 2022. This will then be brought to the January 2023 Trust Board for approval.

Main report detail

The SFIs have been reviewed and updated by the Finance Team. The SoD has been reviewed, reformatted and re-written by the Director of Corporate and Legal Affairs.

Further work on the SFIs and SoD is still required, particularly in areas relating to People Services, Research, tenders, land, buildings and leases. This review will continue over the coming months and be led by the Director of Corporate Affairs working with relevant colleagues across the organisations.

The revised version of the SFIs now includes the SoD within one document. This will replace the old version of the SoD.

Supporting documentation

Appendix 1 – SFIs and SoD

STANDING FINANCIAL INSTRUCTIONS AND SCHEME OF DELEGATION

Approved By:	Trust Board
Date Approved:	3 November 2022
Trust Reference:	A1/2022
Version:	1
Supersedes:	A8/2001 Standing Financial Instructions A5/2001 Scheme of Delegation and Reservation of Powers to the Trust Board
Author / Originator(s):	Simon Linthwaite – Deputy Director of Finance Becky Cassidy – Director of Corporate and Legal Affairs
Name of Responsible Committee/Individual:	Chief Financial Officer (Deputy Director of Finance)
Latest Review Date	26 September 2022
Next Review Date:	30 September 2023

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REVIEW DATES AND DETAILS OF CHANGES MADE DURING THE REVIEW

Department of Health and Social Care Policy has been included in this Policy.

KEY WORDS

1 INTRODUCTION AND OVERVIEW

These Standing Financial Instructions (SFIs) are issued in accordance with the Financial Directions issued by the Secretary of State for Health under the provisions of Section 99 (3), 97 (A) (4) and (7) and 97 (AA) of the National Health Service Act 1977 for the regulation of the conduct of the Trust in relation to all financial matters. The Code of Accountability requires that the Trust shall give, and may vary or revoke Standing Financial Instructions for the regulation of the conduct of its members and officers in relation to all financial matters with which they are concerned. These Standing Financial Instructions (SFIs) are issued in accordance with the Code.

These Standing Financial Instructions together with the Standing Orders, Scheme of Delegation, Conflicts of Interest Policy and Fraud, Bribery and Corruption Policy provide a comprehensive regulatory and business framework for the Trust. They shall have effect as if incorporated in the Standing Orders (SOs).

All directors and all members of staff should be aware of the existence of these documents and be familiar with all relevant provisions. These rules fulfil the dual role of protecting the Trust's interests and protecting the staff from any possible accusation that they have acted improperly.

2 POLICY SCOPE

Standing Financial Instructions are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They identify the financial responsibilities that apply to everyone working for the Trust. The user of these Standing Financial Instructions should also be familiar with and comply with the Trust's Standing Orders.

Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions, the advice of the Chief Financial Officer must be sought before acting.

The Trust will regard the failure to comply with these Standing Financial Instructions as a disciplinary matter, which could result in dismissal.

If for any reason these Standing Financial Instructions are not complied with, full details of the non-compliance and any justification for non-compliance shall be reported to the next formal meeting of the Audit Committee for referring action or ratification. All directors of the Board, and all staff, have a duty to disclose any non-compliance with these Standing Financial Instructions to the Chief Financial Officer as soon as possible. Non-compliance may also constitute a criminal offence in which case the matter will be reported to the Trust's Counter Fraud Specialist and/or the

Police for action to be taken which may result in referral for prosecution. Civil action may also result to recover the Trust's losses and costs.

3 DEFINITIONS

Any expression to which a meaning is given in the National Health Service Act 1977, National Health Service and Community Care Act 1990, the NHS Act 2006, Health and Social Care Act 2012 and other Acts relating to the National Health Service or in the Financial Regulations made under the Acts shall have the same meaning in this interpretation and in addition:

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

"Associate Member" means a person, who is not a director or officer of the Trust, appointed to sit on a Committee, Sub-Committee, Officer Group or Working Party appointed by the Trust.

"Audit Committee" means the committee of the Board whose responsibility is to provide assurance to the Board that effective risk management, internal control and governance processes are maintained and that the Trust's activities comply with the law, guidance and codes of conduct governing the NHS. To provide a formal independent mechanism for ensuring a co-ordinated approach for achieving sound financial and managerial control.

"Board" means the Trust Chair, executive and non-executive directors of the Trust collectively as a body.

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

"Budget Holder" is an executive director, or other officer, with delegated authority to manage finances (income and expenditure) for a specific area of the organisation.

"Chair of the Board (or Trust)" is the person appointed by the Secretary of State for Health as advised by the NHS Trust Development Authority to lead the Board and to ensure that it successfully discharges its overall responsibility for the Trust as a whole. The expression "the Trust Chair of the Trust" shall be deemed to include the vice-chair of the Trust if the Trust Chair is absent, or is otherwise unavailable.

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

"Commissioning" means the process for determining the need for and for obtaining the supply of healthcare and related services by the Trust within available resources.

"Committee" means a committee appointed by the Trust.

"Committee members" means people formally appointed by the Board to sit on and /or chair specific committees.

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

"DHSC" means Department of Health and Social Care and/or Secretary of State for Health

"Chief Financial Officer" means the Chief Financial Officer of the Trust.

"Establishment Order" shall mean the University Hospitals of Leicester National Health Service Trust (Establishment) Order.

"Executive Director" means the Chief Executive and directors who are appointed in accordance with the 1990 National Health Service Trusts (Membership and Procedure) Regulations.

"Funds held on Trust" means those charitable funds which are administered by independent trustees who are accountable to the Charity Commission.

"Legal Adviser" is a properly qualified person (not necessarily an employee) appointed by the Trust to provide legal advice.

"Officers":

- **"Level 1 Officer"** } Refer to
- **"Level 2 Officer"** } Scheme of
- **"Level 3 Officer"** } Delegation 'List of
- **"Level 4 Officer"** } Officers'

"Membership, Procedure and Administration Arrangements Regulations" means NHS Membership and Procedure Regulations (SI 1990/2024) and subsequent amendments.

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

"Non-Executive Director" means a director of the Trust who is not an officer of the Trust and is not to be treated as an officer by virtue of regulation 1(3) of the Membership and Procedure Regulations

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

"The Trust Secretary" - a person appointed to act independently of the Board to provide advice on corporate governance issues to the Board and the Trust Chair and monitor the Trust's compliance with the law, Standing Orders, and Department of Health guidance.

"SFIs" means Standing Financial Instructions.

"SOs" means Standing Orders.

"Trust" means University Hospitals of Leicester NHS Trust

"Tendering and Contract Procedures" means the procedures within Section 9 of the Trust's Standing Orders.

"Vice-Chair" means the non-executive director appointed by the Board to take on the Trust Chair's duties if he/she is absent for any reason.

All references in this document expressed in the masculine shall be deemed to also include the feminine.

Wherever the title Chief Executive, Chief Financial Officer, or other nominated officer is used in these instructions, it shall be deemed to include such other directors or employees who have been duly authorised to represent them.

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.

4.1 The Trust Board

The Board exercises financial supervision and control by:

- (a) formulating the financial strategy.
- (b) requiring the submission and approval of budgets within approved allocations/overall income.
- (c) defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money); and
- (d) defining specific responsibilities placed on members of the Board and employees as indicated in the Scheme of Delegation and Reservation document.

The Board has determined that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the Trust's Scheme of Delegation.

The Board will delegate responsibility for the performance of its functions in accordance with the Trust's Scheme of Delegation.

4.2 The Chief Executive and Chief Financial Officer

Within the Standing Financial Instructions, it is acknowledged that the Chief Executive is ultimately accountable to the Board, and as Accountable Officer, to the Secretary of State for Health, 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 Trust Chair 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.

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

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

4.3 Chief Financial Officer

The Chief Financial Officer is responsible for:

- (a) implementing the Trust's financial policies and for co-ordinating any corrective action necessary to further these policies.
- (b) maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions.
- (c) ensuring that sufficient records are maintained to show and explain the Trust's transactions, in order to disclose, with reasonable accuracy, the financial position of the Trust at any time, and, without prejudice to any other functions of the Trust, and employees of the Trust, the duties of the Chief Financial Officer include:
- (d) the provision of financial advice to other members of the Board and employees.

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

4.4 Board members and employees

All members of the Board and employees, severally and collectively, are responsible for:

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

4.5 Contractors and their employees

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

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

Financial systems shall not be designed, implemented or changed without the prior approval of the Chief Financial Officer.

4.6 Budget Holders

Budget Holders shall be responsible for:

- (a) spending against approved budgets.
- (b) establishing and where applicable, collecting debts.
- (c) the budgetary performance of the services under their control.

Budget Holders shall:

- (a) appoint and control the staff for the performance of their services.
- (b) control the use, and ensure the safe custody, of all cash, goods and assets entrusted to them for the performance of their services; and
- (c) maintain systems which are secure and provide for the promotion of value for money.

Within the arrangements for devolved financial management, the Chief Financial Officer may nominate a Head of Finance who shall work closely with a Clinical Management

Group (CMG)/Corporate Directorate and who shall be responsible to the Chief Financial Officer for:

- (a) ensuring that proper financial controls and practices are adhered to within the CMG/Directorate.
- (b) undertaking a full financial analysis of proposals and that due account is taken of SFIs.
- (c) the provision of financial advice to the CMG/Directorate.
- (d) the provision of budget monitoring and financial policy information about the CMG/Directorate.

5 POLICY STATEMENTS, STANDARDS*, PROCESSES*, PROCEDURES* AND ASSOCIATED DOCUMENTS

5.1 Audit

5.1.1 Audit Committee

In accordance with Standing Orders, the Board shall formally establish an Audit Committee, with clearly defined terms of reference and following guidance from the NHS Audit Committee Handbook 2018, which will provide an independent and objective view of internal control by:

- a) overseeing Internal Audit (including Counter Fraud) and External Audit services.
- b) reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgments; review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives.
- c) monitoring compliance of Standing Orders and Standing Financial Instruction.
- d) approve schedules of losses and compensations.
- e) act as the Trust's Auditor Panel to advise the Trust Board on the appointment and removal of external auditors.
- f) reviewing the arrangements in place to support the Assurance Framework process prepared on behalf of the Board and advising the Board accordingly.
- g) the Audit Committee will periodically (as defined in its Terms of Reference) review the Waiver Register.
- h) Performing its functions as detailed in its Terms of Reference.

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

The Minutes of Audit Committee meetings shall be formally recorded and submitted to the Board.

5.1.2 Chief Financial Officer

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

The Chief Financial Officer is also responsible for:

- (a) ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective internal audit function.
- (b) ensuring that the internal audit is adequate and meets the NHS mandatory audit standards.
- (c) deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption.
- (d) ensuring that an annual internal audit report is prepared by the Internal Audit service provider for the consideration of the Audit Committee and the Board. The report must cover:
 - (i) major internal financial control weaknesses discovered
 - (ii) progress on the implementation of internal audit recommendations.
 - (iii) progress against plan over the previous year.
 - (iv) strategic audit plan covering the coming three years.
 - (v) a detailed plan for the coming year.
- (e) a clear opinion on the effectiveness of internal control in accordance with current guidance issued by the Department of Health including for example compliance with control criteria and standards.

The Chief Financial Officer, designated internal auditors and Local Counter Fraud Specialist are entitled (without necessarily giving prior notice) to require and receive:

- (a) access to all records, documents, correspondence and data owned or controlled by the Trust, relating to any financial or other relevant matter under investigation or review, including documents of a confidential nature.
- (b) access at all reasonable times to the Trust Chair, any Executive or Non-Executive Director, Officer, land or premises of the Trust.
- (c) the production of any cash, stores or other property of the Trust under the control of the Trust Chair any Executive or Non-Executive Director or Officer of the Trust; and
- (d) explanations concerning any matter under investigation or review.

The Trust's Chief Executive and Chief Financial Officer are responsible for ensuring that access rights are given to NHS Protect where necessary for the prevention, detection and investigation of cases of fraud and corruption, in accordance with Secretary of State Directions.

5.1.3 Role of Internal Audit

Internal Audit will review, appraise and report upon:

- (a) the extent of compliance with, and the financial effect of, relevant established policies, plans and procedures.
- (b) the adequacy and application of financial and other related management controls.
- (c) the suitability of financial and other related management data.
- (d) the extent to which the Trust's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
 - (i) fraud and other offences.
 - (ii) waste, extravagance, inefficient administration.
 - (iii) poor value for money or other causes.
- (e) Internal Audit shall also independently verify the Assurance Framework and the Statement of Internal Control in accordance with Department of Health and Social Care guidance.
- (f) Detailed guidance on the powers and responsibilities of Internal Audit and Counter Fraud are set out in the Terms of Reference of the Audit Committee.

Whenever any matter arises which involves, or is thought to involve, fraud and corruption, the matter must be reported to the Local Counter Fraud Specialist, in accordance with the Trust's Counter Fraud and Corruption Policy and Prevention of Bribery Policy. All other irregularities, or suspected irregularities, concerning cash, stores, or other property of the Trust, or the exercise of any function of a pecuniary nature, must be notified to the Chief Financial Officer immediately. 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 Financial Officer must be notified immediately.

The Head of Internal Audit and the Local Counter Fraud Specialist shall be entitled to attend any Audit Committee meetings and has a right of access to all Audit Committee members, the Chair and Chief Executive of the Trust.

The Head of the Internal Audit Service shall be accountable to the Chief Financial Officer in accordance with the Service Level Agreement / Contract. The reporting system for internal audit shall be agreed between the Chief Financial Officer, the Audit Committee and the Head of the Internal Audit Service. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit Standards. The reporting system shall be reviewed at least every three years.

Internal Audit terms of reference shall have effect as if incorporated within these Standing Financial Instructions. The terms of reference cover the scope of internal audit work, authority and independence, management responsibilities, co-ordination of assurance work, reporting and key outputs and the operational responsibilities. Where, in exceptional circumstances, the use of normal reporting channels could be seen as a possible limitation of the objectivity of the audit, the Director of Audit shall seek advice of the Board Chair or Chair of the Audit Committee.

The designated officers must carry out agreed audit recommendations within the timescale for action agreed with the Director of Internal Audit. Failure to do so shall be reported to the Chief Executive who shall take necessary action to ensure compliance with such recommendations.

The appointment and termination of the Head of Internal Audit and/or the Internal Audit Service must be approved by the Audit Committee.

5.1.4 External Audit

Under the Local Audit and Accountability Act 2014, the External Auditor is appointed, and paid for, by the Trust.

The Local Audit and Accountability Act 2014 requires that Trusts establish Auditor Panels with responsibility for appointment, contract arrangements and relationship management. The Auditor Panel must ensure a cost-efficient service and ensure that if there are any problems relating to the service provided by the External Auditor, that this is addressed and resolved.

5.1.5 Fraud, Bribery and Corruption

In line with their responsibilities as set out in NHS Protect Guidance, the Chief Executive and Chief Financial Officer shall monitor and ensure compliance with Directions issued by the Secretary of State for Health on fraud, bribery and corruption.

The Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist (LCFS) as specified by the Counter Fraud Manual for NHS Trusts and associated guidance as specified by NHS Protect.

The LCFS shall report to the Chief Financial Officer and shall work with NHS Protect and staff in the NHS Counter Fraud Authority (NHS CFA) in accordance with Secretary of State Directions and the Counter Fraud Manual for NHS Trusts. The LCFS will normally attend Audit Committee meetings and has a right of access to all Audit Committee members, the Chair and Chief Executive of the Trust.

5.1.6 Security Management

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

The Trust shall nominate a suitable person to carry out duties of the Local Security Management Specialist as specified by the Secretary of State for Health guidance on NHS security management.

The Trust shall nominate a Non-Executive Director to be responsible to the Board for NHS security management.

The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the Medical Director and Director of Safety and Risk, to whom the Local Security Management Specialist reports.

5.2 Business Planning, Budgets, Budgetary Control, Capital Expenditure and Monitoring

5.2.1 Preparation and Approval of Business Plans and Budgets

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

- (a) a statement of the significant assumptions on which the plan is based; and
- (b) details of major changes in workload, delivery of services or resources required to achieve the plan.

Prior to the start of the financial year the Chief Financial 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 Trust's Integrated Business Plan and Medium Term Financial Strategy.
- (b) accord with activity and manpower plans.
- (c) be produced following discussion with appropriate budget holders.
- (d) be prepared within the limits of available funds.
- (e) identify potential risks.

The Chief Financial Officer shall monitor financial performance against budget and the business plan, periodically review them, and report to the Board.

All budget holders must provide information as required by the Chief Financial Officer to enable budgets to be compiled and financial performance against budgets to be monitored.

All budget holders are required to sign up to, and agree, their budgets for the year at the commencement of each financial year. Budget holders also sign to confirm that in managing their budget they will comply with the procedures specified within the Trust's Standing Orders, Scheme of Delegation and Standing Financial Instructions.

The Chief Financial Officer has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage successfully.

5.2.2 Budgetary Delegation

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

- (a) the amount of the budget.
- (b) the purpose(s) of each budget heading.
- (c) individual and group responsibilities.
- (d) authority to exercise virement.
- (e) achievement of planned levels of service.
- (f) the provision of regular reports.

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

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.

Non-recurring expenditure budgets or income should not be used to finance recurring expenditure without the authority in writing of the Chief Executive.

5.2.3 Budgetary Control and Reporting

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

- (a) Monthly financial reports to the Board in a form approved by the Board containing:
 - (i) income and expenditure to date showing trends and forecast year-end position.
 - (ii) movements in working capital.
 - (iii) capital project spend and projected outturn against plan.
 - (iv) explanations of any material variances from plan.
 - (v) details of any corrective action where necessary and the Chief Executive's and/or Chief Financial 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, activity and manpower budgets.
- (d) monitoring of management action to correct variances; and
- (e) arrangements for the authorisation of budget transfers.

Each Budget Holder is responsible for ensuring that:

- (a) any likely overspending or reduction of income that cannot be met by virement is not incurred without the prior consent of the Board except where authority has been given under 5.2.2 above.
- (b) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement and budget transfer.
- (c) with the exception of Medical and Dental Consultants, no permanent employees are appointed without the approval in writing of the Chief Executive other than those provided for within the available resources and manpower establishment as approved by the Board.
- (d) new and replacement Medical and Dental Consultant posts are identified and agreed to in accordance with the "Consultant Recruitment and Selection Policy".
- (e) identifying and implementing cost improvements, cost savings and income generation initiatives to achieve a balanced budget.
- (f) effective systems exist within the directorate to ensure that all expenditure is authorised in advance of commitment (via the Trust's Purchase Order system) and that the individuals incurring expenditure fully understand their budgetary control responsibilities.

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

5.2.5 Capital Expenditure

The general rules applying to delegation and reporting shall also apply to capital expenditure. All capital procurement shall be carried out in accordance with the Tendering and Contract Procedures. (The particular applications relating to capital investment and financing are contained in Section 5.9 of these Standing Financial Instructions.)

5.2.5 Monitoring Returns

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

5.2.6 Revenue Investment Process

The Chief Executive Officer shall ensure that there is an adequate appraisal and approval process in place for evaluating changes to operational arrangements, particularly those involving changes to income and/or expenditure profiles. This process should be closely related to the capital investment process and consider the financial and non-financial impact of any proposed changes and their impact on business plans. This process should be in line with DHSC / HMT guidance and be tailored to be proportionate for the size of the case.

The Chief Financial Officer has certified professionally to the costs and revenue consequences detailed in the business case and involved appropriate Trust personnel and external agencies in the process.

5.3 Annual Accounts, Summarisation Schedules and Reports

5.3.1 The Chief Financial Officer

The Chief Financial Officer, on behalf of the Trust, will:

- (a) prepare financial returns in accordance with the accounting policies and guidance given by the Department of Health and Social Care and the Treasury, the Trust's accounting policies, and International Financial Reporting Standards (IFRS).
- (b) prepare and submit annual financial statements to the Department of Health certified in accordance with current guidelines.
- (c) submit financial returns on a monthly, quarterly and annual basis to the Department of Health in accordance with the timetable prescribed by the Department of Health.
- (d) responsible for the issue of full guidance and timetables relating to the preparation of the financial returns and annual report to all finance and non-finance staff identified as stakeholders in the process.
- (e) ensure that an adequate audit trail exists for the financial returns.
- (f) liaise with the Trust's Corporate and Committee Services to ensure that the financial returns are examined by the Audit Committee and considered by and adopted by the Trust Board in accordance with the timetable.

5.3.2 Appointment of Auditors

The Trust's annual accounts must be audited by an auditor appointed by Trust's Auditor Panel. The Trust's audited annual accounts and statements must be presented to a public meeting and made available to the public.

5.3.3 Annual Report

The Trust will publish an annual report, in accordance with guidelines on local accountability, and present it at a public meeting. The document will comply with the relevant Department of Health guidance including that contained in the Department of Health Group Accounting Manual.

5.4 Banking Arrangements

5.4.1 General

The Chief Financial 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 Department of Health and Social Care guidance/directions.

The Board shall approve the banking arrangements as specified by the Department of Health.

5.4.2 Bank Accounts

The Chief Financial Officer is responsible for:

- (a) bank accounts and Government Banking Service (GBS) accounts.
- (b) establishing separate bank accounts for the Trust's non-exchequer funds.
- (c) ensuring payments made from bank or GBS accounts do not exceed the amount credited to the account except where arrangements have been made.
- (d) reporting to the Board all arrangements made with the Trust's bankers for accounts to be overdrawn.
- (e) monitoring compliance with DHSC guidance on the level of cleared funds.
- (f) all funds shall be held in accounts in the name of the Trust. No officer other than the Chief Financial Officer shall open any bank account in the name of the Trust.

5.4.3 Banking Procedures

The Chief Financial Officer will prepare detailed instructions on the operation of all Trust bank accounts that must include:

- (a) the conditions under which any bank account shall be operated, including the limit to be applied to any overdraft; and

- (b) those authorised to process bank transfers and sign cheques drawn on the Trust's accounts.

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

No-one but the Chief Financial Officer shall be able to open a bank account in the name of the Trust.

5.4.4 Tendering and Review

The Chief Financial 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.

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.

5.4.5 Debit/Credit Cards Receipting

All arrangements to utilise collection of monies using debit/credit cards shall be approved by the Chief Financial Officer

Debit/credit card machines shall only be operated by suitably trained and authorised persons who will comply with the Payment Card Industry Data Security Standard (PCI DSS) rules and procedures.

5.4.6 External Borrowing

The Chief Financial Officer will advise the Board concerning the Trust's ability to pay dividend on and repay Public Dividend Capital (PDC) and any proposed new borrowing, within the limits set by the Department of Health. The Chief Financial Officer is also responsible for reporting periodically to the Board concerning the PDC balances and all loans, financing facilities, and overdrafts.

Any application for a loan, financing facility or overdraft will only be made by the Chief Financial Officer or by an employee so delegated by him. 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 Financial Officer.

The Chief Financial Officer must prepare detailed procedural instructions concerning applications for loans, financing facilities and overdrafts.

All short-term borrowings should be kept to the minimum period of time possible, consistent with the overall cash flow position, represent good value for money, and comply with the latest guidance from the Department of Health and Social Care. Any short-term borrowing requirement must be authorised by the Chief Financial Officer.

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

All long term borrowing must be consistent with the plans outlined in the current financial plan as reported to the Department of Health and be approved by the Trust Board.

All loans, or changes to loans, must be approved by the Chief Financial Officer or Finance and Investment Committee.

Any application for a loan or overdraft will only be made by the Group Chief Finance Officer or by an employee so delegated by him.

The Chief Financial Officer will include any key balance sheet changes in the finance report prepared for the Trust Board. This will include changes to public dividend capital and other borrowings.

5.4.7 Investments

Temporary cash surpluses must be held only in such public or private sector investments as notified by the Secretary of State and authorised by the Board.

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

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

5.5 Income, Fees and Charges and Security of Cash, Cheques and other Negotiable Instruments

5.5.1 Income Systems

The Chief Financial Officer is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due.

The Chief Financial Officer is also responsible for the prompt banking of all monies received.

5.5.2 Fees and Charges

The Trust shall follow the Department of Health's advice in setting prices for NHS service agreements.

The Chief Financial Officer is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health or by Statute. Independent professional advice on matters of valuation shall be taken as necessary. Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered the Department of Health's guidance shall be followed. Compare to below

All employees must inform the Chief Financial 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.

Under no circumstances will the Trust accept cash payments in any currency in excess of £15,000 in respect of any single transaction or series of transactions which appear to be linked. Any attempts by an individual to effect payment above this amount should be notified immediately to the Chief Financial Officer or the designated money laundering officer, currently the Director of Operational Finance.

An advanced deposit must be obtained for all self-pay elective activity equivalent to the estimated cost of the treatment in advance of any treatment being provided.

No officer of the Trust, except within the boundaries of any delegated authority, is allowed to confirm or agree with a third party (whether NHS or Non-NHS), any reduction to or waiver of the Trusts normal charges, without the prior express authority of the Chief Financial Officer if less than £100,000, the Board if over £100,000.

5.5.3 Debt Recovery

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

Income not received should be dealt with in accordance with losses procedures (see section 5.11.2).

The Chief Financial Officer is responsible for ensuring that systems are in place to prevent overpayments. Overpayments should be detected (or preferably prevented) and recovery initiated. Any phasing of agreed overpayment must be authorised by the Chief Financial Officer.

5.5.4 Security of Cash, Cheques and other Negotiable Instruments

The Chief Financial 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.

Official money shall not under any circumstances be used for the encashment of private cheques, or for the granting of personal loans of any kind.

All cheques, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Chief Financial Officer.

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.

Managers and Officers required to manage and handle cash must ensure that;

- a) cash is recorded upon receipt, and that there is secure storage available for that cash until it is transferred to the Cashiers Office for banking.
- b) where practically possible all transactions are adequately witnessed and that amounts received are identical to those deposited in Finance.
- c) staff are not put at unnecessary risk while handling or transporting cash.
- d) adhere at all times to the guidance set out in the “Cash Handling” procedure.

5.5.5 Free of Charge/Donated Goods/Services

Free of charge or donated goods or equipment from any supplier or would be supplier to the Trust must not be used for the purposes of avoiding the procurement regulations.

A Level 2 or 3 Officer must approve in writing the acceptance of such goods or services prior to delivery. If the goods are to be donated or accepted on loan, whether for service provision or testing, before such approval may be given:

- (a) an official order number must be allocated if the acquisition by this method is part of a procurement process by the Trust
- (b) the owner must provide a written indemnity to the Trust, in a form approved by the Trust Secretary, which will be signed, if necessary, on the Trust's behalf by the Chief Executive or an Officer authorised by the Chief Executive.
- (c) responsibility for maintenance and other revenue consequences must be agreed in writing and must be approved in accordance with these Standing Financial Instructions.

The acceptance of any such goods or services must be confirmed in writing to the donor/owner and, except in the case of charitable donations, such confirmation shall include a notice that the acceptance does not amount to an express or implied obligation on the Trust to continue to use the goods/services or to purchase any other goods/services.

The donation of clinical equipment shall undergo the same rigour as applied to an NHS funded purchase.

Where there are revenue consequences arising out of the donation of any asset then the donation shall not be accepted or put into use until a budget has been agreed in respect of the revenue consequences.

5.5.6 Payment in Kind to the Trust

A Level 2 or 3 Officer may authorise the provision by the Trust of services to third parties in return for payments in kind provided:

- (a) the value received is reasonably commensurate with the value given.

- (b) the arrangement is confirmed in writing to the third party under the signature of a Level 2 or 3 Officer and a copy retained.
- (c) the confirmation includes a notice that the Trust reserves the right to joint ownership on terms to be agreed or fixed by arbitration of any intellectual property arising from the collaboration between the Trust and the third party.
- (d) the confirmation includes a notice that the arrangement does not bind the Trust to continue any collaboration on the terms agreed nor to purchase/use the benefits of any collaboration.

5.6 NHS Service Agreements for Provision of Services

The Chief Executive, as the accountable officer, is responsible for ensuring the Trust enters into suitable contracts or Service Level Agreements (SLAs) with service commissioners for the provision of NHS services. All contracts and SLAs should aim to implement the agreed priorities contained within the Integrated Business Plan and wherever possible, be based upon integrated care pathways to reflect expected patient experience. In discharging this responsibility, the Chief Executive should take into account:

- (a) The standards of service quality expected.
 - (b) The relevant national service framework (if any).
 - (c) The provision of reliable information on cost and volume of services.
 - (d) The Department of Health's Operating Framework for the NHS, as expressed via the NHS Trust Development Authority Accountability Framework.
 - (e) That all agreements build where appropriate on existing partnership arrangements; and
 - (f) that SLAs are based on integrated care pathways.
- **Involving Partners and jointly managing risk**

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

The Chief Executive, as the accountable officer, will ensure that regular reports are provided to the Board detailing actual and forecast income from the service agreements.

- **Reports to the Board on Agreements**

The Chief Executive, as the Accountable Officer, will need to ensure that regular reports are provided to the Board detailing actual and forecast income from the agreements.

This will include information on costing arrangements, which increasingly should be based upon Healthcare Resource Groups (HRGs). Where HRGs are unavailable for specific services, all parties should agree a common currency for application across the range of agreements.

5.7 Terms of Service, Allowances and Payment of Members of the Board and Employees

5.7.1 Board Directors (Trust Chair and Non-Executive Directors)

The Trust will pay allowances to the Trust Chair and Non-Executive Directors of the Board in accordance with instructions issued by the Secretary of State for Health.

5.7.2 Remuneration and Terms of Service (Executive Directors and Staff)

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

The Committee shall have delegated authority from the Trust Board to determine the broad remuneration policy and performance management framework and to decide the remuneration, allowances and other terms and conditions of office for the Trust's senior managers; to monitor and evaluate the performance of individual officer members (and other senior employees); and to 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.

The Remuneration Committee Chair shall report orally to the Board after each of its meetings.

The Remuneration Committee will receive reports detailing all Trust employees who have been made redundant or taken early retirement. These reports will include the cost of the redundancy or early retirement.

The Trust will pay allowances to the Trust Chair and Non-Executive Directors of the Board in accordance with instructions issued by the Secretary of State for Health.

5.7.3 Funded Establishment

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

The funded establishment of any department may not be varied without the approval of the Chief Executive or his delegated Officer.

5.7.4 Staff Appointments

All new and replacement Medical and Dental Consultant posts must be approved in line with the Trust's "Consultant Recruitment and Selection Policy". Exceptionally the

relevant Trust committee may approve business cases to grant funding for a new post in year. Replacement consultant posts will require the completion of a Case of Need and authorisation from CMG Clinical Director and CMG Head of Finance prior to being approved by the Trust's Medical Director and Chief Nurse. New consultant posts require a business case, case of need and approval from the Director of Operational Finance, Medical Director and Chief Nurse.

No Executive 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 unless:

- (a) they are authorised to do so by the Chief Executive or his delegated Officer.
- (b) it is within the limit of their approved budget and funded establishment; and
- (c) due process has been followed in line with the Trust's business decision making process.

No officer or employee of the Trust may commit the Trust to any redundancy, early retirement, or negotiated employment termination settlement without the approval in advance of the Chief Financial Officer and Chief People Officer subject to prevailing Treasury approval requirements.

Approve redundancy payments, non-contractual payments and compromise agreements.

(a) Total package less than £100,000:

- Chief People Officer and Chief Financial Officer

(b) Total package exceeding £100,000:

- Remuneration Committee

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

5.7.5 Contracts of Employment

The Board shall delegate responsibility to the Chief People Officer for:

- (a) ensuring that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation.
- (b) dealing with variations to, or termination of, contracts of employment in accordance with the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation.
- (c) exercising economy and efficiency in the use of human resources.
- (d) advising Officers of the need to conform to the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation and Reservation.

5.7.6 Processing Payroll

The Chief People 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.
- (d) agreeing method of payment.

The Chief People Officer will issue instructions regarding:

- (a) verification and documentation of data.
- (b) the timetable for receipt and preparation of payroll data and the payment of employees and allowances.
- (c) maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay.
- (d) security and confidentiality of payroll information.
- (e) checks to be applied to completed payroll before and after payment.
- (f) authority to release payroll data under the provisions of the Data Protection Act.
- (g) methods of payment available to various categories of officer.
- (h) procedures for payment by cheque, bank direct credit (including BACS), or cash to employees and officers.
- (i) procedures for the recall of bank direct credits including BACS) and stopping of cheques.
- (j) pay advances and their recovery.
- (k) maintenance of regular and independent reconciliation of pay control accounts.
- (l) separation of duties of preparing records and handling cash.
- (m) a system to ensure the recovery from leavers of sums of money and property due from them to the Trust.

Appropriately nominated managers have delegated responsibility for:

- (a) submitting time records and other notifications in accordance with agreed timetables.
- (b) submitting appointment forms and change forms in the prescribed form, immediately upon knowing the effective date of an employee's appointment or change in circumstances.
- (c) completing time records and other notifications in accordance with the Chief People Officer instructions and in the form prescribed by the Chief People Officer.
- (d) submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's or officer's resignation, termination or retirement. Where an employee fails to report for duty or to fulfil obligations in circumstances that suggest they have left without notice, the Chief People Officer must be informed immediately.

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

The dates on which the payments of salaries and wages are to be made, including special circumstances (e.g. bank holidays), will be in accordance with agreed timetables, having regard to the general rule that it is undesirable to make payments in advance. Payment to an individual shall not be made in advance of the normal pay day,

except as authorised by the Chief Financial Officer to meet special circumstances and limited to the net pay due at the time of payment.

5.7.7 Off Payroll Workers including Agency, Self-employed or Third-Party Contractors

Where exceptional circumstances exist within a department and agency, self-employed workers or workers supplied via a third party are to be retained then:

- (a) the contract may only be entered into by a budget holder having sufficient resources within the limit of his budget who is authorised for that purpose by the Chief Executive or his delegated officer; and
- (b) the Chief Financial Officer shall be consulted if the contractor is not on the current list of authorised suppliers; and
- (c) the Chief People Officer shall be consulted with regard to the remuneration package in which the hourly rate of pay of any workers employed through an agency shall be “rate cap” compliant, as determined by NHSI. Any deviation from this should be exceptional and only on the grounds of patient safety and authorised in writing by the Chief People Officer
- (d) contractual provisions shall be put in place which allow the Trust to seek assurance regarding the income tax and national insurance contribution obligations of the person engaged and the ability to terminate the contract if that assurance is not provided; and
- (e) their employment status shall be reviewed by the delegated officer of the Chief Financial Officer prior to the commencement of their engagement to ensure that income tax deductions and national insurance contributions for both the Trust and worker are properly made and paid to HM Revenue & Customs in line with current legal and regulatory requirements.

If there is any doubt as to the correct taxation treatment or the engagement is potentially novel or contentious then the agreement of the Chief Financial Officer and the Chief People Officer shall be obtained before entering into such an arrangement.

5.7.8 Ex-Gratia Payments

Ex-gratia payments can only be made after approval has been obtained in accordance with section 5.11.2.

5.7.9 Managers’ Responsibilities

Managers are responsible for:

- (a) following the procedures and guidance relating to the completion and submission of payroll documentation.
- (b) submission of termination forms submitted to payroll as soon as an employee within their establishment resigns, is terminated or gives notice of retirement; and

- (c) ensuring that there are appropriate systems of internal check and control in place within their directorate etc, to ensure that time records, expense claims etc are capable of meaningful certification.

5.8 Non-Pay Expenditure

5.8.1 Delegation of Authority

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 and the following types of approval.

- (a) Budgetary approval for capital and revenue expenditure; and
- (b) Commercial approval for tenders, frameworks, mini competitions, contracts, quick quotes and price agreements.

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, the system for authorisation above that level and the process for raising and approving official orders by procurement and supplies, following receipt of an authorised requisition.

The Chief Executive shall set out procedures on the seeking of professional advice regarding the supply of goods and services and this shall be followed when entering into any agreement. Contract terms and conditions used in contracts shall only be those approved by the Trust.

Where consultants are to be engaged on any project with a contracted cost exceeding £50,000 the permission of NHSI must be obtained through the submission of a business case, setting out the requirement, before entering into the contract.

Any agreement for the supply of workers shall only be entered into after fully considering and ensuring compliance with any relevant provisions contained in section 5.7.7 of these instructions and where necessary obtaining advice from the Chief Financial Officer and the Chief People Officer.

Before entering into contracts for the supply of goods and services or works contracts and especially overseas contracts, taxation advice (including where appropriate customs advice) shall be obtained from the Chief Financial Officer. Agreement of the Chief Financial Officer and also where relevant the Director of Estates and Facilities shall be obtained before entering into any potentially novel or contentious arrangement with a supplier or contractor.

5.8.2 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services

- **Requisitioning**

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

- **System of Payment and Payment Verification**

The Chief Financial 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.

The Chief Financial Officer will:

- (a) advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in standing orders and regularly reviewed.
- (b) prepare procedural instructions on the obtaining of goods, works and services incorporating the thresholds.
- (c) be responsible for the prompt payment of all properly authorised accounts and claims.
- (d) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable.

The system shall provide for:

- (a) A list of Board members/employees (including specimens of their signatures) authorised to certify invoices.
- (b) certification which shall confirm that:
 - goods have been duly received, examined and are in accordance with specification and the prices are correct.
 - work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct.
 - in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality and price, and the charges for the use of vehicles, plant and machinery have been examined.
 - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained.
 - the account is arithmetically correct, with discounts having been taken where appropriate.
 - VAT has been correctly accounted for, and
 - the account is in order for payment.

- (c) a timetable and system for submission to the Chief Financial Officer of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment.
- (d) instructions to employees regarding the handling and payment of accounts within the Finance Department; and
- (e) be responsible for ensuring that payment for goods and services is only made once the goods and services are received (except as below).

- **Prepayments**

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

- (a) Prepayments are only permitted where the financial advantages outweigh the disadvantages (cash flows must be discounted to Net Present Value (NPV) using the National Loans Fund (NLF) rate plus 2%);
- (b) The appropriate Executive Director must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the Trust if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments.
- (c) The Chief Financial 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); and
- (d) The budget holder is responsible for ensuring that all items due under a prepayment contract are received and he must immediately inform the appropriate Director or Chief Executive if problems are encountered.

- **Official orders**

All official orders must be generated from the Trust financial system, except Pharmacy orders, which must be generated from the Pharmacy system, and temporary staffing orders, known as BRNs (Booking Reference Number), which must be generated from the Temporary Staffing booking system.

Official Orders must:

- (a) be consecutively numbered.
- (b) be in a form approved by the Chief Financial 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.

- **Duties of Managers and Officers**

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

- (a) All contracts (other than for simple purchases permitted within the Scheme of Delegation), leases, tenancy agreements and other commitments which may

- result in a liability are notified to the Chief Financial Officer and Director of Estates and Facilities in advance of any commitment being made.
- (b) contracts above specified thresholds are advertised and awarded in accordance with EU and Government Agreement on Tariffs and Trade (GATT) Legislation or World Trade Organisation (WTO) and or Statutory Instruments and / or The Public Contract Regulations 2015 as outlined in Trust Standing Orders Section 9.
 - (c) where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health.
 - (d) no order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to directors or employees, other than:
 - (i) isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars.
 - (ii) conventional hospitality, such as lunches in the course of working visits.

This provision needs to be read in conjunction with Standing Order No. 6 and the principles outlined in the national guidance contained in HSG 93(5) Standards of Business Conduct for NHS Staff, the Code of Conduct for NHS Managers 2002 and the ABPI Code of Professional Conduct relating to hospitality/gifts from pharmaceutical/external industry.

- (e) no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Chief Financial Officer on behalf of the Chief Executive.
- (f) all goods, services, or works are ordered on an official electronic order For clarification the Chief Financial Officer will determine the nature of expenditure which does not require control through an official purchase order and review this on an annual basis and maintain a list of such items which will include;
 - (i) Works and services executed in accordance with a contract.
 - (ii) Purchases from Petty Cash.
 - (iii) Items bought using purchasing cards.
 - (iv) Arrangements that have been pre-approved by the Trust, for example Service Level Agreements for services procured from other NHS Trusts.
 - (v) Other Items where a purchase order would be deemed unnecessary such as utility bills or business rates.
- (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 or rules on aggregation.
- (i) goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase.
- (j) changes to the list of directors, employees and officers authorised to certify invoices are notified to the Chief Financial Officer.
- (k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Chief Financial Officer.
- (l) petty cash records are maintained in a form as determined by the Chief Financial Officer.

- (m) petty cash records are maintained in a form as determined by the Chief Financial Officer.
- (n) No officer shall place any order with an individual to whom the officer is related or with any firm in which the officer has a financial interest.

- **Receipting of goods and services**

All departments must have arrangements in place to ensure that:

- a) goods and services ordered are received and checked for quality and acceptability against the order specification; and
- b) that goods are receipted on the e-Financials electronic finance and procurement system.

The Chief Executive and Chief Financial Officer shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance issued by the Department of Health and Social Care. The technical audit of these contracts shall be the responsibility of the relevant Director.

The Chief Financial Officer is responsible for maintaining and updating a register of financial authorities.

- **Joint Finance Arrangements with Local Authorities and Voluntary Bodies**

Payments to local authorities and voluntary organisations made under the powers of section 256 and 257 of the National Health Service Act 2006 as amended (formerly section 28A of the NHS Act) shall comply with procedures laid down by the Chief Financial Officer which shall be in accordance with this Act.

- **Responsibilities of All Employees**

All employees must:

- a) prior to raising or authorising any requisition ensure that adequate budgetary provision exists against the budget code they are using, or they have made appropriate arrangements for virement or reporting the expected over commitment. If these checks have not been undertaken or budgetary provision does not exist, they should draw this to the attention of the signatory / line manager.
- b) follow the Trust's procedures when obtaining goods, works and services (e.g. Tendering for Goods and Services Procedure) and obtain best value for money.
- c) follow the Trust's procedures on certifying receipt of goods, works and services to enable invoices to be paid (relevant management procedures).
- d) prepayments are permitted only in exceptional circumstances and must be approved in advance by the Chief Financial Officer.
- e) all non-stock orders (ie orders to be satisfied by means other than NHS Supply Chain orders) must be placed via Procurement "self-service" and passed to Supplies.
- f) ensure that "stock" requisition items (ie those obtained via NHS Supply Chain) are used wherever possible.
- g) ensure that budgetary provision exists.

- h) not seek to place orders with firms who have made offers of gifts; rewards or benefits (see Standards of Business Conduct).
- i) not take goods on trial or loan where this commits the Trust to a future purchase.
- j) not split requisitions to avoid financial thresholds, enter contracts, including rental and leasing agreements, that are for items of a capital nature without the express approval of the Chief Executive and Chief Financial Officer; and
- k) only place orders via eProcurement. Telephone and direct orders to suppliers are not permitted unless specific arrangements have been agreed in advance with the Head of Procurement or Chief Financial Officer.

- **Supplies**

The Trust Supplies department will

- a) only process properly authorised requisitions and ensure that competition is (or has been) appropriately taken in accordance with the Trust's Tendering for Goods and Services Procedure.
- b) liaise with the Chief Financial Officer on issues regarding the systems for ordering, receipt and payment; and
- c) place sequentially numbered Purchase Orders incorporating the Trust's terms and conditions of trade.

- **Petty Cash**

Purchases that will be reimbursed from petty cash are restricted in type and must be supported by receipt(s) and certified by an authorised signatory.

The Chief Financial Officer will determine record-keeping and other instructions relating to petty cash.

5.8.3 Financial Framework

The Chief Financial Officer should ensure that members of the Trust are aware of the Government's Accountability Framework with NHS England and NHS Improvement including 'The government's 2020 to 2021 mandate to NHS England and NHS Improvement' and the '2020 to 2021 financial directions to NHS England' documents. This framework contains directions to the NHS regarding service priorities and the funding regime. The Chief Financial Officer should also ensure that the direction and guidance in the framework is followed by the Trust.

5.9 Capital Investment, Private Financing, Borrowings, Leases, Asset Registers and Security of Assets

5.9.1 Capital Investment

The Chief Executive:

- (a) shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon business plans.
- (b) is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost
- (c) shall ensure the availability of resources to finance all revenue consequences, including capital charges.

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

- (a) that a business case in line with the guidance contained within the NHS Trust Development Authority Accountability Framework is produced setting out:
 - (i) an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs.
 - (ii) appropriate project management and control arrangements.
 - (iii) the involvement of appropriate Trust personnel and external agencies.
- (b) that the Chief Financial Officer has certified professionally to the costs and revenue consequences detailed in the business case; and
- (c) where the sum involved exceeds delegated limits, the business case must be referred to the NHS Trust Development Authority (NHSTDA) and/or Department of Health in line with current guidelines.

For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of CONCODE, acting via the Director of Estates and Facilities.

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

The Chief Financial Officer shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure, which as a minimum shall include reporting to the Board on:

- (a) an individual scheme/project.
- (b) the source and level of funding.
- (c) the expenditure incurred against the annual profile.

The approval of a capital programme shall not constitute approval for the initiation of expenditure on any individual scheme, because it is also necessary to undertake the mandatory procurement processes of the Trust. The Chief Executive will issue a scheme of delegation for capital investment management in accordance with ESTATECODE guidance and the Trust's Standing Orders.

The Chief Financial Officer shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes. These procedures shall fully take into account the latest delegated limits for capital schemes as notified by the Department of Health. Contract framework agreements (including P21+ schemes) should always be considered for all construction projects between the value of £5,000 and £1 million, except for works of a very specialist nature for which the Trust's quotation or competitive tendering procedures will apply.

The management of contracts awarded under the P21+ Framework Agreement shall follow the guidelines issued by the Department of Health P21+ Systems and Procedures documentation which includes: the selection and appointment of the Principal Supply Chain Partner, approval of the design and Guaranteed Maximum Price, risk management procedures, partnering arrangements, cost verification, change management, monitoring and reporting requirements and audit arrangements.

The Trust shall carry out benchmarking exercises for selected ProCure 22 capital schemes using the ProCure 22 specific toolkits developed by NHS Estates. All data and information shall be submitted to NHS Estates to enable appropriate benchmarking and measurement of the ProCure 22 process.

All orders and contracts agreed under the Contract Framework Agreement shall be priced.

The Contract Framework Agreement should be reviewed at regular intervals, usually annually, to ensure anticipated benefits are being realised and that cost improvement and value for money objectives are achieved.

The Contract Framework Agreement shall be subject to formal tender procedures and shall comply with the EU directives governing public procurement.

The Chief Financial Officer shall issue procedure notes governing the control, management, reporting and audit arrangements of the Contract Framework Agreement.

The Committee overseeing the capital programme shall receive regular reports on the performance of the Contract Framework Agreement and detailed project progress reports on all ongoing schemes.

Any capital monies spent should be in accordance with the requirements laid down in the Manual for Accounts as issued by the Department of Health.

In relation to capital investment, due process shall be followed in line with the Trust's business decision making process, including the approval of the Capital Monitoring and Investment Committee.

5.9.2 Private and External Finance

PFI financing

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

- a) the Group Chief Finance Officer shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
- b) where the sum involved exceeds delegated limits, the business case must be referred to the Department of Health and Social Care or in line with any current guidelines.
- c) the proposal must be specifically agreed by the Board.

Other financing

When the Trust proposes to finance capital investment other than through internally generated cash, the following procedures shall apply:

- (a) the instructions contained in the Tendering and Contract Procedures relating to Private Finance shall be followed.
- (b) the Chief Financial Officer shall demonstrate that the use of external finance to support capital investment is secured under the Department of Health's borrowing procedures; and
- (c) where leasing arrangements are proposed these should be authorised by signature by the Chief Financial Officer (see section 11.4)

5.9.3 Leases (Finance and Operating)

Where it is proposed that leasing (either operating or finance) shall be considered in preference to capital procurement then the following should apply:

- (a) the selection of a contract/finance company shall be on the basis of competitive tendering and quotations sought via the Procurement Department.
- (b) all proposals to enter into a leasing agreement shall be referred to the Chief Financial Officer before acceptance of any offer.
- (c) the Chief Financial Officer shall ensure that the proposal demonstrates best value for money.
- (d) there must be a formal review against relevant accounting standards (IAS17, IFRIC 4, IFRIC 12, IFRS 16).
- (e) due to the potential capital nature of leases all new lease proposals should be approved by the Capital Monitoring and Investment Committee; and
- (f) the proposal shall be agreed in writing by the Chief Financial Officer prior to acceptance of any offer to the lease.

5.9.4 Asset Registers

The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Chief Financial 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. Medical and IM&T Equipment will be identified and managed by the Medical Equipment Executive and IM&T departments respectively.

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 Manual for Accounts as issued by the Department of Health.

The minimum data set to be held within these registers shall be as specified under International Financial Reporting Standards (IFRS), the DHSC Group Accounting Manual and other guidance as issued by the Department of Health and Social Care.

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, architects' certificates, suppliers' invoices and other documentary evidence in respect of purchases from third parties.

- (b) stores, requisitions and wages records for own materials and labour including appropriate overheads.
- (c) lease agreements in respect of assets held under a finance lease and capitalised.

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).

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

The Chief Financial Officer will ensure that an appropriate revaluation of the Trust's assets is undertaken on a regular basis by a qualified valuer in accordance with methods specified in the Manual for Accounts issued by the Department of Health.

The value of each asset shall be depreciated using methods and rates as specified in the Manual for Accounts issued by the Department of Health.

The Chief Financial Officer shall calculate and pay capital charges as specified in the Manual of Accounts issued by the Department of Health.

5.9.5 Security of Assets

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

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

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

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

Each employee has a responsibility for the security of the property of the Trust and for ensuring that any borrowing or private use of Trust equipment, goods, services and facilities is authorised by their line manager or head of department. It is the responsibility of Board members and senior employees in all disciplines to apply appropriate routine security checks and practices in relation to Trust and NHS property as may be determined by the Board. Any breach of agreed security practices must be reported in accordance with these Standing Financial Instructions and the Trust's Fraud and Corruption Policy and Prevention of Bribery Policy.

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.

Where practical, assets should be marked as Trust property.

All land and property transactions shall follow the guidance provided in NHS guidance, particularly the guidance outlined in ESTATECODE.

5.10 Stores and Receipt of Goods

5.10.1 General position

A controlled store is one which is subject to formal control over access to stocks and detailed records are kept of stock, issues and receipts. Stock is subject to an annual stocktake and subject to formal valuation at the lower of cost and net realisable value. Transactions are only charged to departmental budgets when stock is issued from the store

Departmental stores are unlikely to have the same level of control as controlled stores and transactions are charged to departmental budgets on receipt of goods. Stock should be subject to periodic stocktake and material differences between year-end figures notified to the Group Chief Finance Officer.

A number of principles apply to the operation of all stores. Managers of stores and stock are responsible for ensuring that:

- a) stocks are kept to a minimum commensurate with delivery and cost
- b) effective purchasing.
- c) stocks are subjected to annual stock take, which complies with Year End procedures and timetable issued by the Finance Department.
- d) stocks are valued at the lower of cost or net realisable value; and
- e) losses and the disposal of obsolete stock are reported to the Chief Financial Officer (and Local Counter Fraud Officer / Risk Management where there is loss due to theft, criminal damage or other untoward incident).

5.10.2 Control of Stores, Stocktaking, Condemnations and Disposal

Subject to the responsibility of the Chief Financial 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, subject to such delegation being entered in a record available to the Chief Financial Officer.

The control of any Pharmaceutical stocks shall be the responsibility of a designated Pharmaceutical Officer; the control of any fuel oil and coal of a designated estates manager.

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/Chief Pharmacist. Wherever practicable, stocks should be marked as NHS property.

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

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

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

The designated manager/ Chief Pharmacist shall be responsible for a system approved by the Chief Financial Officer for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated officer shall report to the Chief Financial Officer any evidence of significant overstocking and of any negligence or malpractice (see also section 13, Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

5.10.3 Goods supplied by NHS Supply Chain

For goods supplied via NHS Supply Chain, the Chief Executive shall identify those authorised to requisition and accept goods via this route. The authorised person shall check receipt against the delivery note and report discrepancies to the Chief Financial Officer to avoid overpayment where such discrepancies cannot be resolved via the Procurement Team.

5.11 Disposals and Condemnations, Losses and Special Payments

5.11.1 Disposals and Condemnations

- **Procedures**

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

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

All unserviceable articles shall be:

- (a) condemned or otherwise disposed of by an employee authorised for that purpose by the Chief Financial Officer; and
- (b) recorded by the Condemning Officer in a form approved by the Chief Financial Officer that 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 Financial Officer.

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

Sales to third parties must be accompanied by an indemnity in accordance with Trust Disposal Procedures.

5.11.2 Losses and Special Payments

- **Procedures**

The Chief Financial Officer must prepare a Losses and Special Payments Policy and procedural instructions on the recording of and accounting for losses, and special payments.

Any employee or officer of the Trust discovering or suspecting a loss of any kind must immediately notify their supervisor, line manager or head of department, except where fraud or corruption is suspected in which case the officer should take action in accordance with the Trust's Counter Fraud and Corruption Policy and Prevention of Bribery Policy.

The Chief Financial Officer must notify the NHS Counter Fraud Specialist who will advise NHS Protect via the Fraud Information Reporting System Toolkit ("FIRST").

For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Chief Financial Officer must immediately notify:

- (a) the Board; and
- (b) the External Auditor. In those cases where theft or criminal damage is involved, the Chief Financial Officer must also inform the Police and the Trust's security officer.

Novel, contentious or repercussive losses and special payments must be referred to the Department of Health.

The Chief Financial Officer shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.

For any loss, the Chief Financial Officer should consider whether any insurance claim could be made.

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

All losses and special payments must be reported to the Audit Committee.

5.12 Information Technology

The Chief Financial Officer, who is responsible for the accuracy and security of the computerised financial data of the Trust, shall (in liaison with the Chief Information Officer):

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

- (b) ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system.
- (c) ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment.
- (d) ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as he may consider necessary are being carried out.

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

In the case of computer systems which are proposed (i.e. including those applications which the majority of NHS bodies in the locality wish to sponsor jointly) all responsible Executive Directors and Officers will send to the Chief Financial Officer:

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

The Chief Financial 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.

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

Where computer systems have an impact on corporate financial systems the Chief Financial Officer shall satisfy himself that:

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

Risk Assessment - The Chief Information Officer shall ensure that risks to the Trust arising from the use of IT are effectively identified and appropriate action taken to mitigate or control risk. This shall include the preparation and testing of appropriate disaster recovery plans.

5.13 Patients' Property

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.

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

- (a) the notices and information booklets.
- (b) hospital admission documentation and property records.
- (c) oral advice of administrative and nursing staff responsible for admissions, that the Trust will not accept responsibility or liability for patients' property brought into the Trust's premises, unless it is handed in for safe custody and a copy of an official patients' property record is obtained as a receipt.

The Chief Nurse 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.

Where Department of Health instructions require the opening of separate accounts for patients' monies, these shall be opened and operated under arrangements agreed by the Chief Financial Officer. Due care should be exercised in the management of a patient's money in order to maximise the benefits to the patient.

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.

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.

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.

5.14 Funds held on Trust

The corporate trustee (the UHL Trust Board) is accountable to the Charities Commission for funds held on trust.

Employees handling funds held on trust must comply with the Charity's Financial Procedures, in conjunction with those of the Trust. Where no different/specific instructions have been approved by the Trustees, the Trust's Standing Financial Instructions shall be applied wherever possible.

All donations received by the Trust must be passed to the Charity promptly, for banking and administration.

No separate bank accounts should be opened or maintained other than those authorised by the Charity Trustee.

Where staff are aware of patients or groups who wish to set up a charity, they are advised in the first instance to contact Leicester Hospital's Charity to find appropriate designated Leicester Hospital's Charity funds.

5.15 Acceptance of Gifts by Staff

The Chief Executive shall ensure that all officers are made aware of the Trust's Standards of Business Conduct Policy, which deals with the acceptance of gifts and other benefits in kind by staff. This policy follows the guidance contained in the Department of Health Standards of Business Conduct for NHS Staff.

5.16 Retention of Records

The Chief Executive shall be responsible for maintaining archives for all documents required to be retained in accordance with Department of Health guidelines.

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

Records held in accordance with Department of Health guidance shall only be destroyed at the express instigation of the Chief Executive. Detail shall be maintained of records so destroyed. Reference shall be made to the Trust's Policy on the retention and disposal of records.

5.17 Risk Management

The Chief Executive shall ensure that the Trust has a programme of risk management, in accordance with current Department of Health requirements, which must be approved and monitored by the Board.

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 risks.
- (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) decision on which risks shall be insured.
- (g) arrangements to review the risk management programme.
- (h) appropriate levels of external accreditation.

The existence, integration and evaluation of the above elements will assist in providing a basis to make an Annual Governance Statement within the Annual Report and Accounts as required by current Department of Health guidance.

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

With four exceptions the Trust may not enter into insurance arrangements with commercial insurers. The exceptions are:

- (a) insuring motor vehicles owned by the Trust including 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 NHSLA.
- (d) where it is necessary to ensure that the Trust is able to continue providing a service where adequate levels of insurance are not available under any of the schemes administered by the NHSLA, the Trust arranges a policy in the name of “the employees of the Trust” or “members, for the time being, of a specific team”. In such cases, the premium must be:
 - (i) Paid by the use of charitable funds, providing the Trust establishes through the Charity Commission, or other relevant regulatory body, whether this is an appropriate use of funds, or
 - (ii) Paid by members of the team and then reimbursed by the Trust, or
 - (iii) Paid by the Trust, provided this is with the recognition, and approval, of the Chief Financial Officer and/or Internal Audit.

In any case of doubt concerning a Trust’s powers to enter into commercial insurance arrangements the Chief Financial Officer should first consult the NHSLA.

Where the Board decides to use the schemes administered by the NHSLA, the Chief Financial Officer shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Chief Financial Officer shall ensure that documented procedures cover these arrangements.

Where the Board decides not to use the schemes administered by the NHSLA for one or other of the risks covered by the schemes, the Chief Financial 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 Financial Officer will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses that will not be reimbursed.

NHSLA schemes may require members to make some contribution to the settlement of claims (the 'deductible element'). The Chief Financial Officer should ensure documented procedures also cover the management of claims and payments below the deductible element in each case.

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

Where the Board decides to use the risk pooling schemes administered by NHS Resolution, the Chief Financial Officer, Chief Medical Officer and Chief Nurse shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Chief Financial Officer shall ensure that documented procedures cover these arrangements.

Where the Board decides not to use the risk pooling schemes administered by NHS Resolution for one or other of the risks covered by the schemes, the Chief Financial 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 Financial Officer, Chief Medical Officer and Chief Nurse will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses which will not be reimbursed.

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

5.18 Partnership Arrangements

The Trust shall ensure, through the Chief Executive, that there are processes in place for establishing and reviewing the effectiveness of all partnership arrangements and that these are appropriate for the local circumstances.

5.19 International Financial Reporting Standards (IFRS)

The Trust is required to report all its financial transactions in compliance with IFRS subject to amendments issued by the Department of Health through the NHS Manual for Accounts. It is important that the reporting requirements of IFRS are anticipated and provided for when making decisions which have an impact on the Trust's financial position. This is particularly the case in respect of capital investment, leasing, use of external private finance and contractual relationships with other parties. The Chief Financial Officer and his team should be consulted for advice in such instances.

Scheme of Delegation

Delegated Authority Level	Who can sign
Level 1 (over £1,000,000)	Chief Executive or Trust Chair
Level 2 (£500,000 to £999,999)	Executive Team member
Level 3 (£250,000 to £499,999)	CMG Clinical Director/Deputy Director/Director of Operational Finance
Level 4 (£100,000 to £249,999)	Other Corporate deputy/ Assistant Directors/Head of Operations/ Heads of Corporate Departments/Specialists
Level 5 (£50,000 to £99,999)	Deputy Head of Operation or Head of Nursing
Level 6 (£25,000 to £49,999)	General Managers or Deputy Head of Nursing
Level 7 (up to £24,999)	Service Manager or Matron

Delegated Matter	Authority Delegated to	Reference Documents
<p>1. <u>Management of financial plans and budgets</u></p> <p>(Responsibility for keeping pay and non pay expenditure within approved budgets)</p> <p>1. Approval of Trust financial plan and budgets 2. Delegation by the budget holder 3. Approval to spend 4. Monitoring of financial performance</p>	<p>Trust Board, approval of overall resources Budget Managers Budget Managers Chief Financial Officer</p>	<p>SFI 4.6 SFI 4.6</p>
<p>2. <u>Maintenance/operation of Bank Accounts</u></p> <p>Opening of new Bank Account Notification of change to the banking arrangements</p>	<p>Chief Financial Officer Chief Financial Officer</p>	<p>SFI 5.4.2</p>
<p>3. <u>Non pay revenue within budgets and financial plans/requisitioning/ordering/payment of Goods and Services</u></p>		<p>SFI 5.8.1</p>

<p>Annual non-pay expenditure approval Delegated limits for regulated funds (all values are inclusive of VAT irrespective of whether this is reclaimable or not)</p> <ul style="list-style-type: none"> • Over £1,000,000 • £250,000 to £999,999 • Less than £250,000 no committee approval needed <p>Refer to table at the top of the document for contract sign off levels</p>	<p>Trust Board</p> <p>Trust Board (via Finance and Investment Committee) Procurement & Contracts Committee</p>	
<p>4. <u>Non pay expenditure outside of budget and financial plans</u></p> <p>For any new expenditure (recurrent or non-recurrent) which can be found through slippage refer to delegations above.</p> <p>For any new expenditure (recurrent or non-recurrent) review of the risk to not spending. If risk is low, do not spend. If risk remains high, business case be submitted to Executive Board.</p> <ul style="list-style-type: none"> • Over £1,000,000 • Up to £999,999 	<p>Trust Board (via Finance and Investment Committee) Executive Board (Chief Financial Officer or deputy in attendance)</p>	
<p>5. <u>Pay expenditure</u></p> <p>Substantive (recurrent) Pay</p> <p>If the value remains within the costed establishment (whether same or different role), recruit as normal via TRAC approval process – arrange meeting with Head of Finance/Business Partner to confirm budget prior to putting on TRAC.</p> <p>If the value is outside the costed establishment (whether</p>		

<p>same or different role), try to find slippage within existing budget. If there is no slippage, review the risk of not recruiting. If it is low risk, do not recruit. If the risk remains high, business case submitted to Executive Board</p> <ul style="list-style-type: none"> • Over £1,000,000 • Up to £999,999 <p>Agency/locum post (non-recurrent)</p> <p>If the value remains within the costed establishment (whether same or different role), approach agency on framework to recruit (ensuring IR35 compliant)</p> <p>If the value is outside of costed establishment (whether same or different role), business case to be submitted to the People Operational Oversight Group</p>	<p>Trust Board (via Finance and Investment Committee) Executive Board (Chief Financial Officer or deputy in attendance)</p>	
<p>6. <u>Capital Investment</u></p> <p>Capital plan approval</p> <p>Allocation of capital spend is provided to CMIC subgroups including:</p> <ul style="list-style-type: none"> ▪ Estates ▪ Reconfiguration ▪ IM&T ▪ Medical Equipment <p>Assuming spending is within the allocated plan, approvals are required as follows:</p>	<p>Trust Board (Via Executive Board and Finance and Investment Committee)</p>	<p>SFI 5.2</p>

<ul style="list-style-type: none"> Over £1,000,000 Up to £999,999 <p>Where one CMG is party to the contract:</p> <ul style="list-style-type: none"> Over £1,000,000 £25,000 to £999,999 Up to £249,999 <p>NHS Commissioning Contracts:</p> <ul style="list-style-type: none"> Over £1,000,000 Up to £999,999 	<p>Chief Executive or Chief Financial Officer Director of Operational Finance (if unavailable, escalate upwards for signing)</p> <p>Chief Executive or Chief Financial Officer Director of Operational Finance (if unavailable, escalate upwards for signing) Head of Operations (if unavailable, escalate upwards for signing)</p> <p>Chief Executive or Chief Financial Officer Director of Operational Finance (if unavailable, escalate upwards for signing)</p>	
<p>10. <u>Losses, Write-offs and Compensations</u></p> <p>Safeguard the Trust's interests in bankruptcies and company liquidations Maintenance of losses and special payments register (including write off actions). Report to Audit Committee.</p> <p>Cash and other losses due to theft, fraud, overpayments and other causes</p> <ul style="list-style-type: none"> Over £5,000 From £1,000 to £4,999 Up to £999 <p>Fruitless payments (including abandoned Capital Schemes)</p> <ul style="list-style-type: none"> Over £50,000 Up to £49,999 <p>Bad debts, claims abandoned and write off private patient,</p>	<p>Chief Financial Officer</p> <p>Chief Financial Officer</p> <p>Trust Board (via Audit Committee) Audit Committee (reported to Trust Board) Chief Financial Officer (reported to Audit Committee)</p> <p>Trust Board (via Audit Committee) Audit Committee (reported to Trust Board)</p>	<p>SFI 5.11.2</p>

<p>Trusts normal charges, without the prior express authority for the following:</p> <ul style="list-style-type: none"> • Over £10,000 • Up to £9,999 	<p>Trust Board Chief Financial Officer</p>	
<p>12. <u>Approvals for Tenders, Frameworks, Contracts, Quotes, and price agreements</u></p> <p>Procurement Waiver levels:</p> <ul style="list-style-type: none"> • Over £250,000 • £110,000 to £249,999 • £75,000 to £109,999 • Up to £74,999 <p>Commercial Approval levels:</p> <ul style="list-style-type: none"> • Unlimited • £150,000 to £249,999 • £100,000 to £149,999 • £50,000 to £99,999 • £25,000 to £49,999 • Up to £24,999 	<p>Chief Executive Chief Financial Officer Senior Category Managers Category Managers</p> <p>Head of Procurement and Supplies Senior Category Managers Category Managers Category Specialists Category Assistants Smart Buyer/Supplies Team</p>	
<p>13. <u>Funds held on Trust</u></p> <ul style="list-style-type: none"> • Over £50,000 • £10,000 to £50,000 • Up to £10,000 	<p>Corporate Trustee (via Charitable Funds Committee) Charitable Funds Committee Charity Officer</p>	<p>SFI 5.14</p>
<p>14. <u>The Seal</u></p> <p>➤ Keeping of a register of seal and safekeeping of the Seal</p>	<p>Chief Executive/Director of Corporate and Legal Affairs</p>	

<ul style="list-style-type: none"> ➤ Approval of Documents for sealing ➤ Use of seal in accordance with Standing Orders ➤ Report to the Trust Board quarterly ➤ Property transactions and any other legal requirement for use of the seal 	<p>Chief Executive/Director of Corporate and Legal Affairs Trust Chair/Chief Executive Director of Corporate and Legal Affairs Trust Chair/Chief Executive</p>	
<p>15. <u>Patient Property</u></p> <ul style="list-style-type: none"> ➤ Ensuring patients and guardians are informed about Patient Property procedures ➤ Prepare detailed written instructions for the administration of patients' property ➤ Informing staff of their duties in respect of patients' property ➤ Opening and managing of separate accounts for patient monies 	<p>Chief Executive Chief Nurse Chief Nurse Chief Financial Officer</p>	SFI 5.13
<p>16. <u>Redundancy payments, non-contractual payments and compromise agreements</u></p> <ul style="list-style-type: none"> • Total package exceeding £100,000 • Total package less than £100,000 	<p>Remuneration Committee Chief Financial Officer and Chief People Officer</p>	

6 EDUCATION AND TRAINING REQUIREMENTS

Managers and staff may seek advice from the Deputy Director of Finance or Assistant Director of Finance in the case of a query. This Policy will be included in the Trust Policy Document Library for reference by staff as appropriate. There are no formal training requirements in relation to this Policy.

7 PROCESS FOR MONITORING COMPLIANCE

An annual review will be undertaken by the Deputy Director of Finance to ensure reflect they reflect the latest regulations and remain fit for purpose, with revised and updated SFIs approved by Trust Board.

8 EQUALITY IMPACT ASSESSMENT

The Trust recognises the diversity of the local community it serves. Our aim therefore is to provide a safe environment free from discrimination and treat all individuals fairly with dignity and appropriately according to their needs.

As part of its development, this policy and its impact on equality have been reviewed and no detriment was identified.

9.1 Legislation

- Criminal Procedure and Investigation Act, 1996 Government Resources and Accounts Act, 2000 Proceeds of Crime Act, 2002
- National Health Service Act 2006 Fraud Act 2006
- Bribery Act 2010
- Health and Social Care Act, 2012
- The Government Resources and Accounts Act 2000 (Estimates and Accounts) Order, 2016
- Finance Act, 2017
- Criminal Finances Act, 2017
- The Money Laundering, Terrorist Financing and Transfer of Funds Information on the Payer) Regulations 2017

9.2 National Guidance

- Model Standing Financial Instructions - Department of Health HSG 93/5 – Standards of Business Conduct for NHS Staff The Code of Conduct for NHS Managers (October 2002)
- The Green Book – HM Treasury (2003) Code of Accountability in the NHS (2004)
- Managing Public Money – HM Treasury (2013 with amendments in 2018) Monthly Financial Monitoring Guidance for NHS Trusts - NHS Improvement Department of Health Group Accounting Manual, 2016-17.
- Department of Health NHS Finance Manual

9.3 Associated UHL Policy Documents

- Trust Standing Orders
- Counter Fraud, Bribery and Corruption Policy Trust Tendering and Contract Procedure
- Secure Management of Patient's and Found Property Policy

10 PROCESS FOR VERSION CONTROL, DOCUMENT ARCHIVING AND REVIEW

This document will be uploaded onto SharePoint and available for access by Staff through INsite. It will be stored and archived through this system.

This policy will be formally reviewed annually years or in the light of any legislative or organisational changes.

POLICY MONITORING TABLE

The top row of the table provides information and descriptors and is to be removed in the final version of the document

Element to be monitored	Lead	Tool	Frequency	Reporting arrangements	Lead(s) for acting on recommendations	Change in practice and lessons to be shared
Compliance with Requirements	Deputy Director of Finance – Financial Services	Internal and external audit	Formal review annually	Annual review by the Deputy Director of Finance to ensure reflect latest regulations and remain fit for purpose, with revised and updated SFIs approved by Trust Board. Instances of non-compliance reported to the Audit Committee	Chief Financial Officer (delegated to Deputy Director of Finance – Financial Services).	Required changes will be identified by the Deputy Director of Finance, based on internal and external environmental scanning.