Agenda Item 19a

Standing Financial Instructions

These SFIs along with the Scheme of Delegation, are essential reading for all budget holders and
are for information for all staff of The Queen Elizabeth Hospital Kings Lynn NHS Foundation Trust

REVIEW PROCESS

These SFIs are subject to a periodic review with the next review scheduled for February 2020.

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STANDING FINANCIAL INSTRUCTIONS (SFIs)

1. INTRODUCTION

1.1 General

1.1.1 The Queen Elizabeth ~~University~~ Hospital King's Lynn NHS Foundation Trust ('the Trust') became a Public Benefit Corporation on 1st February 2011, following authorisation by Monitor (subsequently subsumed into 'NHS Improvement (~~NHS~~NHSi~~I~~))', the Independent Regulator of NHS Foundation Trusts pursuant to the National Health Service Act 2006 (the 'NHS 2006 Act' or '2006 Act').

1.1.2 These Standing Financial Instructions (SFIs) are issued for the regulation of the conduct of ~~its members~~the Trust's members and officers in relation to all financial matters with which they are concerned. They shall have effect, as if incorporated in the Standing Orders (SOs) of the Foundation Trust~~'s~~s ~~Board of Directors~~Board of Directors (note that SOs are a statutory requirement for Foundation Trusts (FTs) but SFIs are not termed as such, although an equivalent set of rules is required by ~~NHSI~~NHSi, which this document represents).

Please refer to the SOs for an explanation of the full 'Regulatory Framework' for NHS Foundation Trusts. The additional compliance framework elements which are relevant to financial matters include, *the Prudential Borrowing Code for NHS Foundation Trusts* and the *NHS Foundation Trust Financial Reporting Manual*, all as updated, replaced or superseded from time to time.

1.1.3 These SFIs detail the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that the Trust~~'s~~s financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Decisions Reserved to the Board and the Scheme of Delegation adopted by the Trust (collectively called the 'Scheme of Delegation').

1.1.4 These SFIs identify the financial responsibilities which apply to everyone working for the Foundation Trust and its constituent organisations, including any trading units. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial policies and procedures. All financial policies and procedures must be approved by the Director of Finance & Resources and ~~noted by~~ the Finance ~~and Performance~~ Committee ('FC~~&PC~~') and / or the Audit Committee. These SFIs~~'s~~ are available on the Trust's intranet site.

1.1.5 Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of the Director of Finance & Resources must be sought before acting.

The user of these SFIs should also be familiar with and comply with the provisions of the Trust's Standing Orders of the Board of Directors (as well as

the separate Standing Orders of the ~~Governors' Council~~Governors' Council) (GSOs).

1.1.6 Failure to comply with Standing Financial Instructions (SFIs) and Standing Orders (SOs) of the Board of Directors can in certain circumstances be regarded as a disciplinary matter that could result in an employee's~~s~~ dismissal.

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

1.2 Terminology

1.2.1 Any expression to which a meaning is given in the NHS Act 2006, or in the Financial Directions made under the Act, shall have the same meaning in these instructions; and

a) 'Accounting Officer' means the person (under paragraph 25(5) of schedule 7 of the NHS Act 2006) 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.

b) 'Board' or 'Trust Board' or '' means the B~~b~~oard of D~~d~~irectors of the Trust, collectively the Chairman, the Executive Directors and the Non-Executive Directors in accordance with the Constitution of the Trust.

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

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

e) 'Budget Manager' means the person who has daily operational responsibility for the management of the budget.

f) 'Charitable Funds held on Trust' shall mean those funds which the Trust holds at the date of licence as a Foundation Trust and which are registered to and regulated by the Charity Commission for England and Wales under the Charities Acts 1992, 1993 and 2006 (and any subsequent legislation from the date of authorisation of Foundation Trust status).

g) 'Chief Executive' means the chief executive officer of the Trust.

h) 'Constitution' means The Queen Elizabeth ~~University~~ Hospital King~~s~~S Lynn NHS Foundation Trust constitution document. This incorporates both the Standing Orders of the and the Standing Orders of the ~~Council of Governors~~Governors' Council.

i) '~~Council of Governors~~Governors' Council' means the ~~board~~ council of governors comprising of elected and appointed governors, in accordance with the Constitution of the Trust.

j) 'Director of Finance & Resources' means the chief financial officer of the Trust. Wherever this title is used in these instructions, it shall be deemed to refer to the Officer chiefly responsible for Finance within the Trust, regardless of additional responsibilities that may be undertaken by the incumbent person within the post.

k) 'F~~&PC~~C' means the ~~board of directors~~Board of Directors sub-committee called the 'Finance and ~~Performance~~ Committee' which meets ~~bi-~~monthly.

l) 'Quality Committee' means the Board of Directors' sub-committee which meets monthly throughout the financial year. The committee has no executive powers. It is responsible for overseeing the implementation of ~~the risk management strategy /policy within the Trust~~the Quality Strategy and Policy within the Trust.

m) 'Light Touch Regime' - under the new legislation the services subject to the light touch regime are 'social and other specific services'. These services are still determined by the CPV codes and are listed under Schedule 3 of The Public Contracts Regulations 2015.

n) 'Legal Adviser' means an appropriately qualified person appointed by the Trust to provide legal advice.

o) 'Local Counter Fraud Specialist' ('LCFS') means the officer who has daily operational responsibility for implementing the NHS Standards for Providers (Fraud, Bribery & Corruption).

p) 'Local Security Management Specialist' ('LSMS') means the officer who has daily operational responsibility for implementing the DH directions on security management (as is best practice for NHS FTs).

q) 'Annual Planning Return' ('APR') means the five yearly budget forecast for the Trust. The APR is periodically updated in line with each annual Trust Business Plan.

r) '~~NHS~~NHSi~~I~~' means the body corporate known as the ~~Independent~~ Regulator of NHS Foundation Trusts and any successor body by any other name.

s) 'Service Contract' (or 'Service Level Agreement' or 'SLA'), in the context of 'Contracting for Provision of Services' means an agreement, between NHS organisations for the treatment of patients, or other provision of services,

by the Trust in return for agreed levels of payment. The principal such contract is with West Norfolk Clinical Commissioning Group.

t) 'Scheme of Delegation' means both the schedule of matters reserved for a decision of the Board of Directors and those matters specifically delegated by the Board to nominated officers of the Trust.

u) 'Standing Orders' ('SOs') refers throughout this document to the Standing Orders of the Board of Directors and should not be confused with the Standing Orders of the ~~Council of Governors~~Governors' Council ('GSOs'). Both of these documents are included in the 'Constitution' of the Queen Elizabeth Hospital King~~'s~~s Lynn NHS Foundation Trust.

v) 'Trust' or 'the Trust' means the Queen Elizabeth Hospital King~~'s~~s Lynn NHS Foundation Trust.

w) 'Trust Board Secretary' means the (company) secretary to the Trust Board of Directors.

All references to the masculine gender will be deemed to apply equally to the feminine gender when used with these SFIs.

1.2.2 Wherever the title Chief Executive, Director of Finance & Resources, or other Director/Senior Manager is used in these instructions, it shall be deemed to include such other Directors or employees who have been duly authorised to represent them.

1.2.3 Wherever the term 'employee' is used and where the context permits it shall be deemed to include employees of third parties contracted to the Trust, when acting on behalf of the Trust. For clarity this includes staff on secondment to the Trust and, also includes nursing and medical staff and clinical consultants practising on the Trust premises employed by another NHS or other healthcare body.

1.3 Responsibilities and delegation

Trust Board of Directors

1.3.1 The Board of Directors exercises financial supervision and control by:

(a) Formulating the financial strategy;

(b) Requiring the submission and approval of budgets within specified limits;

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

(d) Defining specific delegated responsibilities placed on members of the Board of Directors and employees as indicated in the 'Scheme of Delegation.'

1.3.2 The Board of Directors has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the 'Reservation of Matters Reserved to the Board' document, which is part of the Scheme of Delegation document. All other powers have been delegated to such executive directors in the Scheme of Delegation or, committees of the B~~b~~oard, as the Trust has established. The Board must approve the terms of reference of all committees reporting directly to the Board.

1.3.3 The Board will delegate responsibility for the performance of its functions in accordance with its Constitution, the SOs and the Scheme of Delegation adopted by the Trust. The extent of delegation shall be kept under review by the Board.

The Chief Executive and Director of Finance & Resources

1.3.4 The Chief Executive and Director of Finance & Resources will delegate their detailed responsibilities as permitted by the Constitution and SOs, but they remain accountable for financial control.

1.3.5 Within the SFIs, it is acknowledged that the Chief Executive is ultimately accountable to the Board, and as Accounting Officer, to the Secretary of State for 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 Chairman and the Board for ensuring that its financial obligations and targets are met and has overall responsibility for the Trust's system of internal control.

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

The Director of Finance & Resources

1.3.7 The Director of Finance & Resources is responsible for:

(a) these SFIs, ensuring they are appropriate and up to date;

(b) implementing the Trust's financial policies and for coordinating any corrective action necessary to further these policies;

(c) 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;

(d) 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 Director of Finance & Resources include:

(e) provision of financial advice to other members of the Trust Board and employees;

(f) design, implementation and supervision of systems of internal financial control;

(g) 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.

Board of Directors and employees

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

(a) The security of the property of the Trust;

(b) Avoiding loss;

(c) Exercising economy and efficiency in the use of resources;

(d) Conforming with the requirements of NHSi, the Terms of Authorisation, the Constitution, Standing Orders, Standing Financial Instructions and the Scheme of Delegation.

Contractors and their employees

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

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

2. AUDIT

2.1 Audit Committee

2.1.1 In accordance with Standing Orders, the Board of Directors shall formally establish an Audit Committee, with clearly defined and approved terms of reference and which follows the guidance in the NHS Audit Committee Handbook (2016). The Audit Committee is chiefly responsible for ensuring an effective system of internal control is in place across the Trust and provides an independent and objective view of internal control. ~~The Audit Committee has cross-over attendance with the Healthcare Governance Committee.~~ In addition, the Audit Committee shall:

(a) oversee internal and external audit services and also the services provided by the Local Counter Fraud Specialist (LCFS) receiving regular progress

reports;

(b) review financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgments;

(c) review the 'Annual Governance Statement taking into account the 'Head of Internal Audit's Opinion Statement' on internal control, the Standing Financial Instructions and underlying internal audit reports on governance and the assurance framework, together with the external auditor's opinion.

(d) review the CQC Registration and the supporting assurance both internal and external.

(e) review the procedures for ensuring compliance with the Constitution, the Terms of Authorisation, the Standing Orders and these SFIs;

(f) review summary schedules of losses and special payments, making any recommendations to the Board;

2.1.2 Auditors are appointed via a tendering process. The Audit Committee shall appoint the Trust's internal auditor. The external auditor is appointed by the Governors' Council via a sub-group including ~~the~~ Audit Committee members ~~and certain attendees~~.

2.1.3 Where the Audit Committee considers there is evidence of ultra vires transactions, evidence of improper acts or, if there are other important matters that the Committee wishes to raise, the Chairman of the Audit Committee shall raise the matter at a meeting of the Board of Directors.

2.2 Director of Finance & Resources

2.2.1 The Director of Finance & Resources is responsible for:

(a) Ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control, including the establishment of an effective internal audit function. An internal audit function is required by NHSi's 'NHS Foundation Trust Accounting Officer Memorandum' ~~(Updated August 2015)~~;

(b) Ensuring that the Internal Audit service to the Trust is adequate and meets NHSI's mandatory internal audit standards;

(c) Deciding at what stage to involve the police in cases of misappropriation of assets and any other irregularities (subject to the provisions of SFI 2.5.5 in relation to Fraud, Bribery and Corruption);

(d) Ensuring that an annual internal audit report is prepared (with interim progress reports) for the consideration of the Audit Committee and the Board.

The report(s) must cover:

i. A clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the DH, including for example, compliance with control criteria and standards.
ii. This opinion provides assurances to the Accounting Officer, especially when preparing the 'Annual Governance Statement' and also provides assurances to the Audit Committee;
iii. Any major internal financial control weaknesses discovered;
iv. Progress on the implementation of internal audit recommendations;
v. Progress against plan over the previous year;
vi. Strategic audit plan covering the coming three years;
vii. A detailed work-plan for the coming year.

2.2.2 The Director of Finance & Resources and designated auditors are entitled without necessarily giving prior notice to require and receive:

(a) Access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;

(b) Access at all reasonable times to any land, premises or members of the Board or employee of the Trust;

(c) The production of any cash, stores or other property of the Trust under a member of the Board and an employee's control; and

(d) Explanations concerning any matter under investigation.

2.3 Role of Internal Audit

2.3.1 Internal Audit provides an independent and objective opinion to the Chief Executive, the Audit Committee and the Board on the degree to which risk management, control and governance support the achievement of the Trust's agreed objectives.

2.3.2 Internal Audit will review, appraise and report upon:

(a) The extent of compliance with, and the financial effect of, relevant established policies, plans and procedures;

(b) The adequacy and application of financial and other related management controls;

(c) The suitability of financial and other related management data including internal and external reporting and accountability processes;

(d) The efficient and effective use of resources;

(e) 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 (responsibility for investigation of any suspected or alleged fraud is held by the Local Counter Fraud Specialist, see SFI 2.5);

ii. fraud and other offences (responsibility for investigation of any suspected or alleged fraud is held by the Local Counter Fraud Specialist, see SFI 2.5);

iii. waste, extravagance, inefficient administration;

iv. poor value for money or other causes;

v. Any form of risk, especially business and financial risk but not exclusively so.

(f) The adequacy of follow up action to internal audit reports;

(g) Any investigations / project work agreed with and under terms of reference laid down by the Director of Finance & Resources;

(h) The Trust's 'Assurance Framework Statements' in accordance with guidance from the DH;

(i) The Trust's draft CQC Registration in accordance with guidance from the Care Quality Commission.

(j) Non-financial aspects of the Trust's business as necessary.

2.3.3 Whenever any matter arises (in the course of work undertaken by internal audit) which involves, or is thought to involve, irregularities concerning cash, stores, or other property or any suspected irregularity in the exercise of any function of a pecuniary nature, the Director of Finance & Resources must be notified immediately and, in the case of alleged or suspected fraud, the LCFS must be notified.

2.3.4 The Head of Internal Audit / Chief Internal Auditor, or equivalent title, will normally attend Audit Committee meetings and has a right of access to Audit Committee members, the Chairman and Chief Executive.

2.3.5 The Head/ Chief Internal Auditor, or equivalent title, shall be accountable to the Director of Finance & Resources. The reporting system for internal audit shall be agreed between the Director of Finance & Resources, the Audit Committee and the Head/ Chief Internal Auditor.

The agreement shall be in writing and shall comply with the guidance on reporting contained in the 'Governance over Audit, Assurance and Accountability,' the 'NHS FT Reporting Manual' and the 'NHS FT Accounting Officer memorandum.'

2.4 External Audit

2.4.1 The External Auditor is appointed by the ~~Council of Governors~~Governors' Council.

2.4.2 The Audit Committee must ensure a cost-effective service is provided and agree audit work-plans, except statutory requirements.

2.4.3 The External Auditor must ensure that this service fulfils the functions and audit access and information requirements, as specified in Schedule 10 of the NHS Act 2006.

2.4.4 The Trust shall comply with the guidance on Governance over Audit, Assurance and Accountability and shall require the External Auditor to comply with the NAO Audit Code of Practice

2.4.5 If there are any problems relating to the service provided by the External Auditor this should resolved in accordance with the NAO Audit Code of Practice.

2.4.6 Prior approval must be sought from the Audit Committee (the ~~Council of Governors~~Governors' Council may also be notified) for each discrete piece of additional external audit work (i.e. work over and above the audit plan, approved at the start of the year) awarded to the external auditors. Competitive tendering is not required and the Director of Finance & Resources is required to authorise expenditure.

2.5 Fraud, Bribery and Corruption

2.5.1 In line with their responsibilities, the Chief Executive and Director of Finance & Resources shall monitor and ensure compliance with directions on NHS Fraud, Bribery and Corruption, issued by the Secretary of State for Health (best practice for FTs) and any guidance from ~~NHSI~~NHSi on this subject.

2.5.2 The Director of Finance & Resources is the executive board member responsible for countering Fraud, Bribery and Corruption in the Trust.

2.5.3 The Trust shall nominate a suitable person to carry out the operational duties of the Local Counter Fraud Specialist ('LCFS'), as specified by the DH Fraud, Bribery and Corruption Manual and guidance.

2.5.4 The LCFS shall report to the Director of Finance & Resources and shall work with staff in the NHS Business Services Authority Counter Fraud and Security Management Services Division (CFSMS Division), in accordance with the DH Fraud, Bribery and Corruption Manual and the Secretary of State's Directions on NHS C~~c~~ounter Fraud, Bribery and Corruption.

2.5.5 The Director of Finance & Resources will consult with the LCFS as to involvement of the police in cases of Fraud, Bribery and Corruption that warrant prosecution under the Bribery Act 2010 and / or the Fraud Act 2006. The LCFS will follow the DH Fraud and Corruption Manual and guidance in this respect.

2.5.6 The Local Counter Fraud Specialist will provide a written report, at least annually, on counter fraud work within the Trust to the Audit Committee and the Board.

2.5.7 An LCFS work-plan must be agreed and it must have an appropriate division of work days allocated to counter fraud awareness, proactive work (based on a Trust wide risk assessment) and reactive work (ad-hoc investigations).

2.5.8 In accordance with the 'Raising Concerns (whistleblowing) Policy', the Trust shall have a whistle-blowing telephone line to report any suspected or actual fraud or corruption matters and internally publicise this, together with the national fraud telephone reporting facility provided by CFSMS Division.

2.5.9 The LCFS shall regularly report progress with the annual work-plan to the Audit Committee.

2.5.10 The Director of Finance & Resources shall sign-off the annual Self Review Tool declaration and submit it to the NHS ~~Protect~~Counter Fraud Authority~~, which is part of NHS Business Services Authority,~~ The Trust will co-operate with and participate in activities at the request of NHS Counter Fraud Authority~~NHS Protect~~, including the implementation of national anti-fraud and bribery measures.

2.6 Security Management

2.6.1 In line with his/her responsibilities, the Chief Executive will monitor and ensure compliance with directions on NHS security management, issued by the Secretary of State for Health (best practice for FTs) and any guidance from ~~NHSI~~NHSi on this subject.

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

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

2.6.4 The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the Director responsible for Security Management

2.6.5 The LSMS shall report to the Director responsible for Security Management and shall work with staff in the NHS Business Services Authority Counter Fraud and Security Management Services Division (CFSMS Division), in accordance with the Secretary of State's Directions on NHS security management.

2.6.6 The LSMS will provide a written annual report, on security management work within the Trust to the Healthcare Governance Committee and the Board.

2.6.7 The LSMS shall regularly report progress to each meeting of the Health & Safety Committee and upwards to the ~~Audit~~ Trust Executive Committee Committee, on at least a quarterly basis.

2.7 Senior Information Risk Owner (SIRO)

2.7.1 The Trust shall nominate an executive director to be responsible to the Board for information risk management, called a Senior Information Risk Owner ('SIRO'). The role of the SIRO is defined in the Information Governance Toolkit and is summarised in the ~~Trust's~~Trust's Information Governance Policy. The SIRO is the leading advocate for information risk to the Board, advising on how information security risks could impact the strategic goals of the Trust.

3. BUSINESS PLANNING, BUDGETS, BUDGETARY CONTROL AND MONITORING

3.1 Preparation and Approval of the Trust Business Plan and Budgets

3.1.1 Prior to the start of the financial year, the Chief Executive will compile and submit to the Board of Directors and to the ~~Council of Governors~~Governors' Council the annual 'Trust Business Plan' which takes into account financial targets and forecast limits of available resources. The Trust Business Plan will contain:

(a) A statement of the significant assumptions on which the plan is based;

(b) Details of major changes in workload, delivery of services or resources required to achieve the plan;

(c) A summary Financial Plan for the year (in line with the updated APR);

(d) Such other contents as may be determined by ~~NHSI~~NHSi.

3.1.2 The annual plan must be submitted to ~~NHSI~~NHSi in accordance with their guidance and requirements.

3.1.3 Prior to the start of the financial year the Director of Finance & Resources will, on behalf of the Chief Executive, prepare and submit an annual plan, including budgets for approval by the Board of Directors. Such ~~a~~ plans and budgets will:

(a) Be in accordance with the aims and objectives set out in the Trust Business Plan;

(b) Accord with workload 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;

(f) Be based on reasonable and realistic assumptions; and

(g) Enable the Trust to comply with the whole regulatory framework for FTs.

3.1.4 The Trust Business Plan will be submitted to the ~~Council of Governors~~Governors' Council in a general meeting.

3.1.5 The Director of Finance & Resources shall monitor financial performance against budget and Business Plan, periodically review them and report to the Board of Directors.

3.1.6 All budget holders must provide information as required by the Director of Finance & Resources to enable budgets to be compiled.

3.1.7 The Director of Finance & Resources has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage successfully.

3.2 Budgetary Delegation

3.2.1 The Chief Executive, through the Director of Finance & Resources, 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 between budgets

(e) Achievement of planned levels of service;

(f) The provision of regular reports.

3.2.2 The Chief Executive / Director of Finance & Resources and delegated budget holders must not exceed the budgetary total or the virement limits laid down in the 'Scheme of Delegation' approved by the Board of Directors.

3.2.3 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Director of Finance & Resources, subject to the budget manual and/or related guidance on budgetary control in the Trust.

3.2.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive and / or the Director of Finance & Resources.

3.3 Budgetary Control and Reporting

3.3.1 The Director of Finance & Resources will devise and maintain systems of budgetary control.

These will include:

(a) Monthly financial reports to the Board of Directors in a form approved by the Board of Directors (the precise format shall be developed through the ~~F&PC~~Finance Committee) containing sufficient information to allow the Directors of the Board to ascertain the financial performance of the Trust.

(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.

3.3.2 Each Budget Holder is responsible for ensuring that:

(a) Any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Board;

(b) The amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement;

(c) No permanent employees are appointed without the approval of the Chief Executive, other than those provided for within the budgeted workforce establishment, as approved by the Board of Directors.

3.3.3 The Chief Executive is responsible for identifying and implementing Cost Improvement Programmes ('CIPs'), Financial Efficiency Programmes and income generation initiatives in accordance with the Trust's business plan.

3.4 Capital Expenditure

3.4.1 General rules applying to delegation and reporting shall also apply to capital expenditure. Accounting for fixed assets must comply with the NHS FT Financial Reporting Manual (and/or the Capital Accounting Manual for Foundation Trusts).

The specific instructions relating to capital are contained in SFI No. 13.

3.4.2 Fixed assets shall not be purchased from a revenue funding source (i.e. income included in the income and expenditure account).

3.5 Performance Monitoring Forms and Returns

3.5.1 The Chief Executive, through the Director of Finance & Resources is responsible for ensuring that the appropriate monitoring forms and returns are submitted to ~~NHSI~~NHSi. The performance figures to the Board of Directors and the ~~F&PC~~Finance Committee reflect the same figures, though not necessarily presented in the same format.

4. ANNUAL REPORT AND ACCOUNTS

4.1 The Director of Finance & Resources, on behalf of the Trust, will:

(a) Prepare annual accounts and corresponding financial returns in such form as ~~NHSI~~NHSi (especially the NHS FT Financial Reporting Manual) and HM Treasury prescribes.

(b) Ensure these annual accounts and financial returns comply with current guidelines and directions given by ~~NHSI~~NHSi as to their technical accounting content and information/data shown therein, before submission to ~~NHSI~~NHSi;

4.2 The Trust will prepare an 'Annual Report and Accounts' (AR&A). The document will comply with financial reporting requirements, as above, as well as compliance with ~~NHSI~~NHSi's guidance on local accountability (in the Annual Return part of the AR&A package). The AR&A (a combined document) has both non-financial information and financial information. Therefore, this is prepared by the Director of Finance & Resources in conjunction and liaison with the other Executive Directors and Coordinated by Communications and Marketing. This is the overall responsibility of the Chief Executive.

4.3 The ~~Trust's~~Trust's AR&A and the annual financial returns to ~~NHSI~~NHSi must be audited by the external auditor in accordance with appropriate international auditing standards.

4.4 The AR&A (including the auditor's report) shall be approved by the Board of Directors or, by the Audit Committee (when specifically delegated the power to do so, under the authority of the Board of Directors).

4.5 The AR&A (including the auditor~~'s~~S report) is submitted to ~~NHSI~~NHSI (in accordance with its timetable) by the Director of Finance & Resources and put forward to be laid before Parliament by 31st July each year.

4.6 The AR&A (including the ~~auditor's~~auditor's report) must be published and presented to a general meeting of the ~~Council of Governors~~Governors' Council by 30th September each year and made available to the public for public inspection at the Trust's headquarters and made available on the Trust's ~~internet~~ website. Any summary financial statements published are, in addition, and not instead of, the full annual accounts in the AR&A.

4.7 During the financial year the Trust's financial performance, financial forecasting and CIPS monitoring and any other finance or investment matter is reviewed in appropriate detail by the F&IC for reporting to the Board of Directors by the chairman of the ~~F&PC~~Finance Committee, in conjunction with the Director of Finance & Resources.

5. GOVERNMENT BANKING SERVICE BANK ACCOUNTS

5.1 General

5.1.1 The Director of Finance & Resources is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of accounts.

5.1.2 The Director of Finance & Resources will review banking arrangements for recommending to the Board.

5.1.3 The Director of Finance & Resources will make recommendations to the Board regarding the opening of any bank account in the name of the Trust.

5.2 Government Banking Service (GBS) Bank Accounts

5.2.1 In line with public sector practice, the Trust's principal bankers are those commercial banks working in partnership with the GBS, refer to 5.2.2(a) below.

However, these SFIs allow the Trust to move its principle bankers to commercial banks not working in partnership with GBS, these SFIs will apply to any accounts opened in the name of the Trust from time to time.

5.2.2 The Director of Finance & Resources is responsible for:

(a) GBS bank accounts (incorporating The Office of the Paymaster General (OPG) accounts and bank accounts with RBS (formerly the Royal Bank of Scotland) and also Citibank);

(b) Establishing separate bank accounts for the Trust's non-exchequer funds;

(c) Ensuring payments made from bank / OPG / GBS accounts do not exceed the amount credited to the account except where arrangements have been made;

(d) Reporting to the Board of Directors all arrangements made with the Trust's bankers for accounts to be overdrawn.

(e) Approving the use of the Working Capital facility (refer to SFI no. 11.1).

(f) Monitoring compliance with ~~NHSI~~NHSi or DH guidance on the level of cleared funds.

(g) Ensuring all covenants attached to bank borrowings are adhered to.

5.3 Banking Procedures

5.3.1 The Director of Finance & Resources will prepare detailed instructions on the operation of GBS bank accounts which must include:

(a) The conditions under which each GBS bank account is to be operated, including the overdraft limit;

(b) Those members of staff with mandated authority to carry out transactions (by signing transfer authorities or cheques or other orders) on these GBS bank accounts.

5.3.2 The Director of Finance & Resources must advise the Trust's bankers in writing of the conditions under which each account will be operated.

5.4 Tendering and Review (applicable to any non-GBS bank accounts only)

5.4.1 The Director of Finance & Resources will review the commercial banking arrangements of the Trust at regular intervals to ensure they reflect best practice and represent best value for money by periodically seeking competitive tenders for the Trust's commercial banking business.

5.4.2 Competitive tenders should be sought at least every five years with the results reported to the Board of Directors. This review is not necessary for GBS accounts.

6. INCOME, FEES AND CHARGES AND SECURITY OF CASH

6.1 Income Systems

6.1.1 The Director of Finance & Resources is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due.

6.1.2 The Director of Finance & Resources is also responsible for the prompt banking of all monies received.

6.2 Income, Fees and Charges

6.2.1 The Trust shall follow the 'Payment by Results' (PbR) financial regime determined by the DH and use the 'NHS Costing Manual' in setting prices for NHS Service Contracts.

6.2.2 The Director of Finance & Resources is responsible for approving and regularly reviewing the level of all fees and charges, other than those determined by the DH. Independent professional advice on matters of valuation shall be taken, as and when necessary.

6.2.3 All employees must inform the Director of Finance & Resources promptly of money due arising from transactions which they initiate / deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.

6.3 Debt Recovery

6.3.1 The Director of Finance & Resources is responsible for the appropriate recovery action on all outstanding debts.

6.3.2 Income not received, after all attempts at recovery have failed, should be dealt with in accordance with the losses and special payments procedures.

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

6.4 **Security of Cash, Cheques and other Negotiable Instruments**

6.4.1 The Director of Finance & Resources 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;

(d) Prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust.

6.4.2 Trust monies shall not, under any circumstances, be used for the encashment of private cheques.

6.4.3 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, before banking, except under arrangements approved by the Director of Finance & Resources.

6.4.4 The holders of safe keys shall not accept unofficial funds for depositing in their safes, unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Trust shall not to liable for any loss, and written and signed 'declarations of indemnity' must be obtained from the organisation or individuals fully absolving the Trust from responsibility for any loss.

7. TENDERING & CONTRACTING PROCEDURES (see overlap with SFI 8)

7.1 Duty to comply with Standing Orders and Standing Financial Instructions

7.1.1 The procedures to be followed by the Trust in relation to all contract opportunities with the Trust and for awarding all contracts with the Trust shall comply with the Standing Orders and Standing Financial Instructions.

This section of the SFIs is structured in the following sections:

(a) This section: Legislation and Policy Framework, referring to the main requirements of law and policy. This section is not definitive and other guidance may also be applicable to any decision or procurement (SFI 7.1 to 7.3 inclusive).

(b) The decision to tender and exceptions to the requirements to tender (SFI 7.4).

(c) Tendering Procedure, where a decision is made to tender pursuant to SFI 7.4 (SFI 7.5).

(d) Quotations where no tender process (SFI 7.6).

(e) Evaluation of tenders and quotations (SFI 7.7).

(f) Award of contracts (SFI 7.8).

(g) Form of Contract (SFI 7.9).

(h) Specific Requirements (SFI 7.10).

7.2 Legislation Governing Public Procurement

7.2.1 The Trust shall comply with The Public Contracts Regulations 2015 (the 'Regulations') and any EU Directives relating to EU procurement law having direct effect in England (the 'Directives') and any other duties derived from the EU Treaty ('Treaty Obligations') and any duties derived from the UK common law ('Common Law Duties') (the Regulations, Directives, Treaty Obligations and Common Law Duties together are referred to elsewhere in these SFIs as 'Procurement Legislation'). The Procurement Legislation as from time to time amended shall have effect as if incorporated in these Standing Orders and Standing Financial Instructions.

7.2.2 The Trust should consider obtaining support from various NHS organisations & wider Government institutions. Such as the Crown Commercial Services, NHS Supply Chain, NHS Procurement Hub Membership & HMRC.. This will enable relevant and/or any suitably qualified professional advisors (including where appropriate legal advisors to ensure compliance with Procurement Legislation when engaging in tendering procedures).

7.2.3 The Trust shall consider the application of any applicable duty to consult or engage the public or any relevant Overview and Scrutiny Committee of a Local Authority prior to commencing any procurement process for a contract opportunity.

7.3 Guidance on Procurement and Commissioning

7.3.1 The Trust should have regard to all relevant guidance issued in relation to the conduct of procurement practice and the commissioning of health care services, including but not limited to:

(a) the Principles and Rules for Cooperation and Competition as detailed within the annexes to the Operating Framework

(b) as far as is practicable with the requirements of the guidance published on capital investment and Protection of Assets – Guidance for NHSFTs in respect of capital investment and estate and property transactions;

(c) policies and procedures in place for the control of all tendering activity carried out through Reverse e-Auctions.

(d) in the case of management consultancy contracts the Department of Health guidance 'The Procurement and Management of Consultants within the NHS' or any successor guidance issued by the Department of Health; or any successor to such guidance issued from time to time.

7.4 Decision to Tender and Exceptions to requirement to Tender

7.4.1 Presumption to Tender

Where a contract opportunity that is required to be tendered under the Regulations (i.e. the contract opportunity is governed by the Regulations and the value of the contract opportunity as calculated pursuant to the Regulations exceeds the relevant financial threshold for the requirement to run a formal tender process);

An exemption to this under the PCR Regulations 2015 are:

Regulation 12 states that a contract will be regarded as an exempt in-house contract where:

(a) the contracting authority exercises over the contractor concerned a control which is similar to that which it exercises over its own departments ('similar control' in this context means the contracting authority exercising 'a decisive influence over both strategic objectives and significant decisions' of the contractor. It includes where this control is exercised by another body, provided that other body is itself controlled by the contracting authority); and

(b) more than 80 % of the activities of the contractor are carried out in the performance of tasks entrusted to it by the controlling contracting authority or by other bodies that are themselves controlled by that contracting authority; and

(c) there is no private sector ownership of the contractor, with certain exceptions.

Regulation 12(2) specifically permits an extension of the Teckal exemption to what can be called 'horizontal in-house transactions'

Provided that three conditions listed above have been met, Regulation 12(2) states the exemption will also apply where (to paraphrase) 'a controlled legal person, also being a contracting authority, awards a contract to its controlling contracting authority, or to another entity that is also controlled by that controlling contracting authority'.

Regulation 12 also provides an exemption for joint co-operation between contracting authorities where (to paraphrase):

(a) the contract establishes joint co-operation in the performance of public services with a view to achieving mutual objectives; and

(b) the implementation of the co-operation is governed only by the public interest; and o the participating authorities perform 'on the open market' less than 20% of activities concerned by the co-operation.

7.4.2 Commissioning Health Care Services: Decision to Tender

Health care services are classed as Light Touch Regime (LTR) under the Regulations. For these Light Touch regime contracts, a higher threshold than that for ordinary service contracts apply,

7.4.3 Exceptions and instances where formal tendering need not be applied

Where a contract opportunity is required to be tendered under 7.4.1, such contract opportunities need not be advertised and tendered and formal tendering procedures need not be applied where:

(a) the estimated expenditure or income does not, or is not reasonably expected to exceed the minimum tendering limit, as detailed within the Scheme of Delegation. VAT is excluded if recoverable from HM Revenue & Customs, so is not a real cost but must be included if irrecoverable to the Trust from HM Revenue & Customs;

(b) any disposal falling within SFI 7.10.1 and/or within SFI 15;

(c) the requirement can be met under an existing contract without infringing Procurement Legislation.

(d) the Trust is entitled to call off from a Framework Agreement and the requirements of SFI 7.4.6 (Use of Framework Agreements) have been followed;

(e) a consortium arrangement is in place and a lead organization has been appointed to carry out tendering activity on behalf of the Trust;

(f) an exception permitting the use of the negotiated procedure without notice validly applies under regulation 32 of the Regulations.

Formal tendering procedures may be waived in the following circumstances:

(g) in very exceptional circumstances where the Chief Executive decides that formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate Trust record;

(h) where the timescale genuinely precludes competitive tendering for reasons of extreme urgency brought about by events unforeseeable by the Trust and not attributable to the Trust. Failure to plan work properly is not a justification for waiving the requirement to tender;

(i) where the works, services or supply required are available from only one source for technical or artistic reasons or for reasons connected with the protection of exclusive rights;

(j) when the goods required by the Trust are a partial replacement for, or in addition to, existing goods and to obtain the goods from a supplier other than the supplier who supplied the existing goods would oblige the Trust to acquire goods with different technical characteristics and this would result in:

   i. incompatibility with the existing goods; or
   ii. disproportionate technical difficulty in the operation and maintenance of the existing goods but no such contract may be entered in for a duration of more than three years,

(k) when works or services required by the Trust are additional to works or services already contracted for but for unforeseen circumstances such additional works or services have become necessary and that such additional works or services:

   i. cannot for technical or economic reasons be carried out separately from the works or services under the original contract without major inconvenience to the Trust; or
   ii. can be carried out or provided separately from the works or services under the original contract, provided that the value of such additional works or services does not exceed 50% of the value of the original contract;

(l) for the provision of legal advice and/or services provided that any provider of legal advice and/or services commissioned by the Trust is regulated by the Solicitors Regulation Authority for the conduct of their business (or by the Bar Council for England and Wales in relation to the obtaining of Council'ssel's opinion) and are generally recognised as having sufficient expertise in the area of work for which they are commissioned. The Director of Finance & Resources will ensure that any fees paid are reasonable and within commonly accepted rates for the costing of such work.

(m) The ability to waiver the tendering regulations when 50% or more of the funding for a project is being provided by an external charitable organisation i.e. not the Trust's own Charitable Fund – where full Trust tendering procedures must be followed. The external charitable organisation must demonstrate due diligence in the management of its supply chain, to ensure value for money is obtained.

7.4.4 Monitoring and Audit of Decision to Tender

The waiving of competitive tendering procedures should not be used with the object of avoiding competition or solely for administrative convenience or subject to SFIs 7.4.3 (h) to (k) to award further work to a provider originally appointed through a competitive procedure.

Where it is decided, in line with the Procurement Waivers policy, that competitive tendering need not be applied or should be waived, the fact of

the waiver and the reasons should be documented and recorded in an appropriate Trust record by and reported to the Audit Committee at each meeting.

7.4.5 Contracts which subsequently breach thresholds after original approval not to tender

Contract opportunities estimated to be below the financial limits set in this SFI 7 or below the threshold for the application of the requirement to tender under the regulations, for which formal tendering procedures are not used, but which subsequently prove to have a value above such limits shall be reported to the Director of Finance and Resources, and be recorded in an appropriate Trust record.

7.4.6 Use of Framework Agreements

The Trust may utilise any available framework agreement to satisfy its requirements for works, services or goods, works & light touch regime procurements but only if it complies with the requirements of Procurement Legislation in doing so, which include (but are not limited to) ensuring that:

(a) the framework agreement was procured on its behalf. The Trust should satisfy itself that the original procurement process included the Trust within its scope;

(b) the framework agreement includes the Trust's requirement within its scope.

The Trust should satisfy itself that this is the case;

(c) where the framework agreement is a multi-operator framework agreement, the process for the selection of providers to be awarded call-off contracts under the framework agreement is followed; and

(d) the call-off contract entered into with the provider contains the contractual terms set out by the framework agreement.

7.4.7 In-House Services: Decision to Tender Services

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

7.5 Tendering Procedure

7.5.1 Equality of Treatment

The Trust shall ensure that no sector of any market (public, private, third sector/social enterprise) is given an unfair advantage in the design or conduct of any tender process.

7.5.2 Non-Discrimination

The subject matter and the scope of the contract opportunity should be described in a non-discriminatory manner. The Trust should utilise generic and/or descriptive terms, rather than the trade names of particular products or processes or their manufacturers or their suppliers.

All participants in a tender process should be treated equally and all rules governing a tender process must apply equally to all participants.

7.5.3 Advertisement of Contract Opportunities

Where advertisement of a contract opportunity is required under SFI 7.4 then:

(a) where a contract opportunity falls within the Regulations and a process compliant with the Regulations is required, an OJEU Notice should be utilised; or

(b) where a contract opportunity does not fall within the Regulations the Trust shall utilise a form of advertising for such contract opportunity that is sufficient to enable potential providers (including providers in member states of the EU other than the UK) to access appropriate information about the contract opportunity so as to be in a position to express an interest; and

(c) Any legislative action to be adopted by the trust to advertise i.e. Contracts Finder

7.5.4 Choice of Procedure

Where a contract opportunity falls within the Regulations and a process compliant with the Regulations is required then the Trust shall utilise an available tender procedure under the Regulations.

In all other cases the Trust shall utilise a tender procedure proportionate to the value, complexity and risk of the contract opportunity and shall ensure that invitations to tender are sent to a sufficient number of providers to provide fair and adequate competition.

When exercising its obligations under SFI 7.5.4 above, and to the extent that such a process complies with the requirements set out in this SFI, the Trust may use an e-tendering process (including the use of reverse e-auctions) for the tendering of contract opportunities.

7.5.5 Invitation to tender

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

All invitations to tender shall state that no tender will be accepted unless submitted electronically to the designated portal by the deadline.

Every invitation to tender must require each bidder to give a written undertaking, submitted electronically, not to engage in collusive tendering or other restrictive practice and not to engage in canvassing the Trust, its employees or officers concerning the contract opportunity tendered.

7.5.6 Receipt and safe custody of tenders

The Head of Strategic & Operational Procurement will retain all electronically submitted bids via electronic tenders on the trust central database.

7.5.7 Opening tenders and Tender Register

Tenders will be opened in accordance with procedures detailed within the Invitation to Tender (ITT) and relevant regulations.

VAT is excluded if recoverable from HM Revenue & Customs, so is not a real cost but must be included if irrecoverable to the Trust from HM Revenue & Customs. The rules relating to the opening of tenders will need to be read in conjunction with any delegated authority set out in the Trust's Scheme of Delegation.

Tenders submitted via the portal will be opened by the Head of Strategic and Operational Procurement

A record of all of those organisations/individuals invited to tender and those organisations/individuals from whom tenders have been received, will be created and maintained throughout the process which will be fully compliant with Regulation 84 of the Public Contracts Regulations 2015.

The tenders shall be reviewed by the Head of Strategic and Operations Procurement and the relevant stakeholders in line with the procedure detailed above in SFI 7.5.7

7.5.8 Admissibility of Tenders

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

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

7.5.9 Late tenders

Tenders received after the due time and date, but prior to the opening of the other tenders, may be considered only if the Director of Finance & Resources decides that there are exceptional circumstances, i.e. dispatched in good time but delayed through no fault of the tenderer.

Only in the most exceptional circumstances will a tender be considered which is received after the opening of the other tenders and, only then if the tenders that have been duly opened have not left the custody of the delegated officer or, if the process of evaluation and adjudication has not started.

While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential, recorded, and held in safe custody by the delegated officer.

Accepted late tenders will be reported to the Board with full audit trail.

7.5.10 The Trust shall have policies and procedures in place for the control of all tendering activity carried out through dynamic purchasing systems and electronic auctions if such mechanisms are to be utilised by the Trust for tendering any contract opportunity

7.5.11 Accountability where in-house bid

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

(a) Specification group, comprising the Chief Executive or nominated officer/s and specialist officer those function shall be to draw up the specification of the service to be tendered.

(b) In-house tender group, comprising a nominee of the Chief Executive and technical support to draw up and submit the in-house tender submission.

(c) Evaluation group, comprising normally a specialist officer, a supplies or commissioning officer and a representative of the Director of Finance & Resources, whose function is to shortlist expressions of interest received and evaluate tenders received. For services having a likely annual expenditure exceeding the tender evaluation limit, as detailed within the Scheme of Delegation, a NED / non-officer member should be a member of the evaluation team (see Scheme of Delegation 6(h).

No officer or employee of the Trust directly engaged or responsible for the provision of the in-house service subject to competitive tendering may be a member of any of the specification or evaluation group established under SFI 7.5.11(a) but the specification group may consult with and take into account information received from such officers or employees in drawing up the Trust's specification subject at all times to observing the duty of nondiscrimination at SFI 7.5.2.

No member of the in-house tender group may participate in the evaluation of tenders.

The evaluation group shall make recommendations to the Board.

7.6 Quotations: Competitive and Non-Competitive

7.6.1 Requirement to obtain competitive quotations

Subject to SFI 7.6.1(a) and SFI 7.6.1(b) competitive quotations are required for all contract opportunities where formal tendering procedures are not adopted and where the intended expenditure or income exceeds, or is reasonably expected to exceed the minimum competitive quote limit, but not exceed the minimum tender limit as detailed within the Scheme of Delegation. VAT is excluded if recoverable from HM Revenue & Customs, so is not a real cost but must be included if irrecoverable to the Trust from HM Revenue & Customs. The Trust shall place an advert for contracts below the minimum tendering limit where necessary.

(a) Competitive quotations are not required where a contract opportunity need not be advertised and tendered under SFI 7.4.3 (b) to (f) inclusive.

(b) Competitive quotations are not required where the requirement to advertise and tender a contract opportunity has been waived under SFI 7.4.3(g) to (l) inclusive.

7.6.2 Competitive Quotations

Where competitive quotations are required under SFI 7.6.1:

(a) quotations should be obtained from at least three organisations /individuals based on specifications or terms of reference prepared by, or on behalf of, the Trust.

(b) quotations should be obtained in writing unless the Director of Finance & Resources or his nominated officer determines that it is impractical to do so in which case quotations may be obtained by telephone but preferably by e-mail. Confirmation of telephone quotations in writing should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in an appropriate Trust record.

(c) all quotations should subject to compliance with the provisions of the Freedom of Information Act 2000 be kept as confidential and should be retained.

(d) the Chief Executive or his nominated officer (who shall not be from the Originating Department) should evaluate each quotation received applying evaluation criteria in accordance with SFI 7.7 and select the quote which gives the best value.

7.6.3 Non-Competitive Quotations

(a) Subject to SFI 7.6.3(b) below non-competitive quotations in writing must be obtained for any contract opportunity where formal tendering procedures are not adopted and where competitive quotations are not required under SFI 7.6.1.

(b) Where competitive tendering or a competitive quotation is not required the Trust shall use the NHS Supply Chain or associated NHS organisations for procurement of all goods unless the Chief Executive or nominated

officers deem it inappropriate. The decision to use alternative sources must be documented in an appropriate Trust record.

7.6.4 Quotations to be within Financial Limits

No quotation shall be accepted by the Trust which will commit expenditure in excess of that which has been allocated by the Trust except with the authorisation of either the Chief Executive or Director of Finance & Resources.

7.7 Evaluation of Tenders and Quotations

7.7.1 Overriding duty to achieve best value

The Trust shall ensure that it seeks to obtain best value for each contract opportunity.

7.7.2 Choice of Evaluation Methodology

The Trust must for each contract opportunity which is subject to a tender or a competitive quotation choose to adopt evaluation criteria based on either:

(a) the lowest price; or

(b) the most economically advantageous tender(MEAT), based on criteria linked to the subject matter of the contract opportunity including but not limited to some or all of:
   i. quality;
   ii. price;
   iii. technical merit;
   iv. aesthetic and functional characteristics;
   v. environmental characteristics;
   vi. whole life costs;
   vii. cost effectiveness;
   viii. after sales service;
   ix. technical assistance;
   x. delivery date;
   xi. delivery period; and/or
   xii. period of completion

7.7.3 Each invitation to tender or invitation to supply a competitive quotation must state the evaluation criteria to be used to evaluate the tender or quotation and the relative weightings of each such criterion.

7.8 List of Approved Firms for Building and Engineering Works

The Trust shall ensure that where no framework agreements, national or regional contracts exist for building and engineering works, that firms or individuals invited to tender (or where appropriate, quote) are among those on approved lists. Where in the opinion of the Director of Finance & Resources it is appropriate to seek tenders from firms not on the approved lists, the reason shall be recorded in writing to the Chief Executive.

7.8.1 List of approved firms for Building and Engineering Construction Works

(a) Responsibility for advertising

The Trust shall arrange for advertisements to be issued as may be necessary, and not less frequently than every third year, in trade journals and national newspaper inviting applications from firms for inclusion in the prescribed lists.

(b) Building and Engineering Construction Works

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

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

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

7.8.2 Procurements undertaken by the Procurement department

The Head of Strategic and Operational Procurement shall ensure the electronic ordering system contains up to date catalogues for all approved suppliers.

Approved suppliers can be added to the trusts procurement catalogue database from local and national framework agreements, subject to following appropriate tendering procedures in accordance with these SFI'~~s~~S.

Where no framework agreement, national or regional contract is in place for a good or service, the Head of the Procurement Department must follow the instructions detailed below to satisfy the Director of Finance & Resources that the selection of contractors to bid for the supply have been selected in an open, fair and transparent way; ensuring the Trust achieves value for money.

For supplies below the quote limit (as defined in the scheme of delegation) the appropriate market for the required item must be reviewed and benchmarked. The time spent undertaking the market analysis and benchmarking should be proportionate to the size of the contract. The contractor offering the Trust the best value for money will be selected.

The selected supplier may be added to the database and utilised for further purchases for a maximum of twelve months; after which a further market analysis and benchmarking exercise must be undertaken.

For supplies where 3 competitive quotes are required the Procurement Department will undertake a review and benchmarking of the market, the time spent undertaking the market analysis and benchmarking exercise should be proportionate to the size of the contract. Quotes will be invited from three suppliers selected from the analysis and benchmarking exercise and in accordance with these SFIs.

For supplies where tendering must be undertaken, the Trust must ensure adherence to SFI 7.5 and be seen to be open, fair and transparent in its procurement activity.

7.8.3 Financial Standing and Technical Competence of Contractors

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

7.9 Award of Contracts

7.9.1 Acceptance of formal tenders

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

(b) Incomplete tenders (i.e. those from which information necessary for the adjudication of the tender is missing) and amended tenders (i.e. those amended by the tenderer upon his own initiative either orally or in writing after the due time for receipt) should be dealt with in the same way as late tenders (see SFI 7.5.9 above).

(c) Where examination of tenders reveals errors which would affect the tender figure, the tenderer may be given details of such errors and afforded the opportunity of confirming or withdrawing his offer.

(d) No tender shall be accepted by the Trust which will commit expenditure in excess of that which has been allocated by the Trust except with the authorisation of the Chief Executive.

(e) No tender shall be accepted by the Trust which is obtained contrary to these SFIs except with the authorisation of the Chief Executive or Director of Finance & Resources.

(f) All tenders should subject to compliance with the provisions of the Freedom of Information Act 2000, be kept confidential and should be

retained for 12 months from the date set for the receipt of tenders for inspection.

7.9.2 Authorisation of Tenders and Competitive Quotations and the prior need for Business Cases

(a) Providing all the requirements set out in these Standing Financial Instructions have been fully complied with, formal authorisation and awarding of a contract may be decided in accordance with the approved delegated financial limits in the Trust's Scheme of Delegation.

(b) Thus, the Trust's Procurement Department must invite at least three tenders, on NHS Terms and Conditions, for all goods and services costing more than the minimum tendering limit, as detailed within the Scheme of Delegation, up to the OJEU limit for non-building works.

Over the OJEU limit the OJEU tendering procedure must be followed in full.

(c) Certain equipment and purchases must follow the DOH approved Framework agreement to aggregate demand across the NHS. Compliance in all respects is essential.

(d) Revenue and capital expenditure in respect of service developments (not already in planned budgets) over require a business case to be approved before the tendering process commences, refer to Business Case and Investment Decision Guidance.

The formal approval of the expenditure (including those within a business case) occurs prior to the tendering process and must follow the levels of authority set out in the scheme of delegation section.

The Trust Finance Department can confirm an individual's 'Approval Limit.'

The levels of authorisation exclude VAT;

i. if VAT is included and recoverable there is no cost to the trust but
ii. if VAT is included and no recovery is possible and the trust suffers the VAT cost.

(e) These levels of authorisation may be varied or changed by the Trust and need to be read in conjunction with the Scheme of Delegation.

(f) Formal authorisation must be put in writing. In the case of authorisation by the Trust Board this shall be recorded in its minutes.

7.9.3 Tender reports to the Trust Board

Reports to the Trust Board will be made on an excess of the EU threshold expenditure.

7.10 Form of Contract

7.10.1 Form of contract: General

Subject to the remainder of SFI 7.9 below the Trust shall consider the most applicable form of contract for each contract opportunity (including to the extent appropriate any NHS Standard Contract Conditions available) and should consider obtaining support from a suitably qualified professional advisor (including where appropriate legal advisors).

7.10.2 Contracts for Building or Engineering Works

(a) Subject to SFIs 7.9.4(b) to (d) inclusive, every contract for building or Engineering works shall embody or be in the terms of the current edition of one of the Joint Contracts Tribunal Standard Forms of Building Contract or Department of the Environment (GC/Wks) Standard forms of contract amended to comply with Concode or equivalent (where applicable).

(b) When the content of the work is primarily engineering every contract shall embody or be in the terms of:
   i. the General Conditions of Contract recommended by the Institution of Mechanical Engineers; and/or
   ii. the Association for Consultancy and Engineering (Form A);

(c) In the case of civil engineering work every contract shall embody or be in the terms of the General Conditions of Contract recommended by:
   i. the Institution of Civil Engineers; and/or
   ii. the Association for Consultancy and Engineering; and/or
   iii. the Civil Engineering Contractors Association.

(d) Each of the documents referred to in SFI 7.9.4 (a) to (c) inclusive may be modified and/or amplified to accord with Department of Health or ~~NHSI~~NHSi guidance and with appropriate professional advice (including legal advice if necessary), to cover special features of individual projects.

7.10.3 Employment, Agency and Consultants Contracts

The Chief Executive shall nominate officers with delegated authority to enter into permanent and temporary contracts of employment and other contracts for agency staff or persons engaged on a consultancy basis. Nominated officers should have regard to SFI 9.3.1.

7.10.4 Compliance Requirements for all Contracts

The Trust may only enter into contracts within the statutory powers delegated to it by the Secretary of State or otherwise derived from statute and each such contract shall:

(a) comply with the Trust's Standing Orders and Standing Financial Instructions;

(b) comply with the requirements of all EU Directives directly enforceable in the UK and all other statutory provisions;

(c) embody substantially the same terms and conditions of contract as were the basis on which tenders or quotations were invited;

(d) be entered into and managed to obtain best value;

(e) have an officer nominated by the Chief Executive to oversee and manage each contract on behalf of the Trust.

All expenditure incurred must be for goods or services directly related to the operation of the Trust, contracts for the provision of goods or services, primarily for the benefit of a third party or individual, be it an employee, officer or other third party, are not permissible, whether on a repayment basis or not. This does not exclude the operation of salary sacrifice or other employee schemes that the Trust may wish to operate for the benefit of its employees.

7.11 Specific Requirements

7.11.1 Disposals (See overlap with SFI 15)

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

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

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

(c) items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract; and/or

(d) land or buildings concerning which guidance has been issued but subject to compliance with such guidance.

7.11.2 Applicability of SFIs on Tendering and Contracting to funds held in trust in the Charitable Fund (see overlap separate SFI~~'s~~S for the Charitable Fund)

The Charitable Fund has its own SFIs that are broadly in line with these, reference should be made to those SFIs for the procurement of works, services and goods purchased from the Trust's Charitable funds and private resources.

7.11.3 Private Finance for capital procurement (see overlap with SFI 13)

When the Board proposes, or is required, to use finance provided by the private sector the following should apply:

(a) The Chief Executive shall demonstrate that the use of private finance represents value for money as against a public sector comparator and genuinely transfers risk to the private sector;

(b) The Trust must seek all applicable approvals and the requirements of all guidance by ~~NHSI~~NHSi including the Compliance Framework and the Risk Evaluation for Investment Decisions by NHS Foundation Trusts guidance;

(c) The proposal must be specifically agreed by the Board; and

(d) The selection of a contractor/finance company must be on the basis of competitive tendering or quotations compliant with the duties set out at SFI 7.2.

8. CONTRACTS FOR THE PROVISION OF SERVICES

8.1 Service Contracts

8.1.1 Thereof the Trust shall regularly review and shall at all times maintain and ensure the capacity and capability of the Trust to provide the mandatory goods and services referred to in its Terms of Authorisation and related schedules.

8.1.2 The Chief Executive, as the Accounting Officer, is responsible for ensuring the Trust enters into suitable Service Contracts with Clinical Commissioning Groups (CCGs) and other commissioners for the provision of services and for considering the extent to which any NHS Standard Contracts issued by the Department of Health or ~~NHSI~~NHSi are mandatory for Service Contracts.

8.1.3 Where the Trust enters into a relationship with another organisation for the supply or receipt of other services, clinical or non-clinical, the responsible officer should ensure that an appropriate contract is present and signed by both parties.

8.1.4 All Service Contracts and other contracts shall be legally binding, shall comply with best costing practice and shall be devised so as to manage contractual risk, in so far as is reasonably achievable in the circumstances of each contract, whilst optimising the Trust's opportunity to generate income for the benefit of the Trust and its service users.

8.2 In discharging this responsibility, the Chief Executive should take into account: costing and pricing (in accordance with Payment by Results) and the activity / volume of services planned;

(a) the standards of service quality expected;

(b) the relevant national service framework (if any);

(c) payment terms and conditions;

(d) amendments to contracts and extra-contractual arrangements; and

(e) any other matters relating to contracts of a legal or non-financial nature.

8.3 Prices should match national tariff, where appropriate, but the Trust can negotiate locally agreed prices, where services are not covered by the national tariff.

8.4 The Director of Finance & Resources shall ensure all Service Contracts with CCGs should aim to implement the agreed priorities contained within the Trust's NHS Annual Financial Return (AFR). The Director of Finance & Resources shall produce regular reports detailing actual and forecast income, linked to activity, with a detailed assessment of the impact of the variable elements of income.

8.5 The Director of Finance & Resources shall oversee and approve cash flow forecasts, including figures relating to the collection of all income due under the contracts.

8.6 Involving Partners and Jointly Managing Risk

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

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

9.1 Remuneration Committee

9.1.1 In accordance with the 'Constitution' (clause 30.2) and the SOs the Board of Directors shall establish a Remuneration Committee, with clearly defined terms of reference, approved by the Board of Directors specifying which executive director and any other executive posts, fall within its area of responsibility.

9.1.2 The Committee has delegated authority on behalf of the Board to:

(a) Approve the executive directors' pay awards and any other variations to the Executive directors's' terms and conditions of employment, subject to lLegislation and guidance from NHSINHSi and/or the DH.

(b) Approve the annual pay increases for Trust staff on local terms and conditions of employment.

9.1.3 The Committee shall:

(a) make such decisions on the remuneration and terms of executive directors (and other senior employees) to ensure they are fairly and equitably rewarded for their contribution to the Trust - having proper regard to the Trust's circumstances and performance and to the provisions of any

national arrangements for such executive directors and staff where appropriate;

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

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

9.2 Funded Establishment

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

9.2.2 The funded establishment of any department may not be varied without the approval of the Chief Executive or his/her nominated representative.

9.3 Staff Appointments

9.3.1 No director or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration unless authorised to do so by the Chief Executive or his/her nominated representative within their approved budget and funded establishment.

9.3.2 The Board of Directors will approve procedures presented by the Chief Executive for the determination of commencing pay rates and other conditions of service for employees.

9.4 Processing Payroll

9.4.1 The Director of Finance & Resources is responsible for:

(a) Specifying timetables for submission of properly authorised time records and other notifications;

(b) The final determination of pay and allowances and terms and conditions; and

(c) Making payment on agreed payroll dates;

9.4.2 The Director of Finance & Resources will issue instructions regarding:

(a) Verification and documentation of data;

(b) The timetable for receipt and preparation of payroll data and the payment of employees;

(c) Security and confidentiality of payroll information;

(d) Checks to be applied to completed payroll before and after payment;

(e) Authority to release payroll data under the provisions of the Data Protection Act 2003 (to be supplemented by the General Data Protection Regulations 2018 on 25 May 2018);

(f) Methods of payment available to various categories of employee and officers;

(g) Procedures for payment by BACS, bank credit or by cheque to employees and officers;

(h) Procedures for the recall of cheques and BACS bank credits;

(i) Pay advances and their recovery;

(j) A system to ensure the recovery from those leaving the employment of the Trust of sums of money and property due by them to the Trust.

9.4.3 The Director of Finance & Resources is responsible for:

(a) Agreeing the method(s) of payment; and

(b) Ensuring that pay information, pay data and all deductions are correctly reflected in the financial records of the Trust.

9.4.4 The Director of Finance & Resources will issue instructions regarding:

(a) Maintenance of subsidiary records for pension contributions, income tax, national insurance, other social security payments and other authorised deductions from pay. This includes regular reconciliation of pay control accounts, with sign-off by a separate person from the preparer of the reconciliation;

(b) Checks and controls to be applied to completed payroll before and after payment;

(c) The procedures for payroll payments by BACS bank credit or by cheque.

(d) The procedures for the recall of BACS bank credits and the cancellation/stopping of cheques.

(e) The procedures for pay advances and their recovery, all pay advances require the approval of the Director of Finance & Resources.

9.4.5 Appropriately nominated managers have delegated responsibility for:

(a) Submitting time records and other notifications in accordance with agreed timetables;

(b) Completing time records and other notifications in accordance with the Director of Finance & Resources' instructions and in the form prescribed by the Director of Finance & Resources;

(c) Submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's resignation, termination or retirement. Where an employee fails to report for duty in circumstances that suggest they have left without notice, the Director of Human Resources and the Director of Finance & Resources must be informed immediately.

9.4.6 The Director of Finance & Resources is primarily responsible for the payroll service and shall ensure that the chosen payroll systems and methods are supported by adequate internal controls and audit review procedures and ensuring that suitable arrangements are made for the collection of payroll deductions and the subsequent forwarding of payments to the various recipient bodies.

9.5 Contracts of Employment

9.5.1 The Board shall delegate responsibility to the Chief Executive, who may further delegate responsibility to the Director of Human Resources 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.

10. NON-PAY EXPENDITURE

10.1 Delegation of Authority and Service Development Business Cases

10.1.1 The Board will approve the level of non-pay expenditure on an annual basis and the Chief Executive will determine the level delegation to budget managers.

10.1.2 The Chief Executive will set out:

(a) The list of managers who are authorised to place requisitions for the supply of goods and services;

(b) The maximum level of each requisition and the system for authorisation above that level;

(c) Instructions that where a grant is receivable to cover non-recurring expenditure, the total amount of the grant, not the annual amount, shall determine the authorisation level.

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

10.1.4 All service developments will require a Business Case to be prepared and pre-approved according to the Scheme of Delegation. Business cases must follow a set format to provide all the information necessary for approval.

10.2 Requisitioning and Ordering Goods and Services

10.2.1 The requisitioner, in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the Trust. In so doing, the advice of the Procurement Department shall be sought.

10.2.2 System of Payment and Payment Verification

The Director of Finance & Resources 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.

10.2.3 The Director of Finance & Resources will:

(a) Advise the Board regarding the setting of the thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in the SOs and these SFIs and regularly reviewed;

(b) Prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds;

(c) Be responsible for the prompt payment of all properly authorised accounts and claims;

(d) Be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:

i. A list of directors and employees (including specimens of their signatures) authorised to approve requisitions / orders (and in certain specified circumstances ('called non-POP orders') to approve invoices).

ii. Certification that:

a. goods have been duly received, examined and are in accordance with the specification and the prices are correct;

b. 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;

c. in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;

- where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
- the account is arithmetically correct;
- the account should be passed for payment.

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

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

(e) Be responsible for ensuring that payment for goods and services is only made once the goods and services are received. The only exceptions are set out in SFI No. 10.2.4 below.

10.2.4 Prepayments

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

(a) Prepayments are only permitted where the financial advantages outweigh the disadvantages (use the discounted cash-flow method, i.e., cash flows must be discounted to NPV using the National Loans Fund (NLF) rate plus 2%).

(b) The appropriate officer 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 at some time during the course of the prepayment agreement is unable to meet commitments;

(c) The Director of Finance & Resources will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold);

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

(e) Prepayments for annual maintenance, insurance and utilities are permitted, subject to approval by the Director of Finance & Resources.

10.2.5 Official orders

Official Orders must:

(a) Be consecutively numbered;

(b) Be in a form approved by the Director of Finance & Resources;

(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;

(e) Not normally exceed a 12 month period for delivery, unless approved by the Director of Finance & Resources or the Chief Executive or the Deputy Chief Executive.

10.2.6 Duties of Senior Managers and Managers

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

(a) All commercial and non-commercial contracts (except as otherwise provided for in the Scheme of Delegation (i.e. simple purchases)), leases, tenancy agreements and other commitments which may result in a liability are notified to the Director of Finance & Resources in advance of any commitment being made;

(b) Contracts are advertised, where required by these SFIs and awarded in accordance with EU, General Agreement on Tariffs and Trade (GATT) & General Agreement on Trade in Services (GATS) rules on public procurement and the Public Contracts Regulations 2015.

(c) Where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the DH and ~~NHSI~~NHSi;

(d) No order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to directors or employees, other than:
   i. Isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;
   ii. Conventional hospitality, such as lunches in the course of working visits;

   This provision needs to be read in conjunction with Standing Orders 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, the NHS Standards of Business Conduct and the NHS Code of Conduct for Boards; along with the Trust's policy 'Gifts, Hospitality and Commercial Sponsorship' (incorporated into the Trust's Management of Conflicts of Interests Policy).

   Consideration needs to be made of the whether the gifts/ hospitality are proportionate and reasonable under the Bribery Act 2010.

(e) No requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Director of Finance & Resources or Chief Executive;

(f) All goods, services, or works are ordered on an official order, except works and services executed in accordance with a contract or purchases from petty cash;

(g) Verbal orders can only be issued in extreme instances - 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 attempt to circumvent the financial thresholds;

(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 and employees authorised to approve requisitions / orders (and approve invoices for 'non-POP orders) are notified to the Director of Finance & Resources;

(k) Purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance & Resources;

(l) Petty cash records are maintained in a form as determined by the Director of Finance & Resources.

10.2.7 The Chief Executive and Director of Finance & Resources shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within 'Concode' and 'Estatecode'. The technical audit of these contracts shall be the responsibility of the relevant Director.

11. EXTERNAL BORROWING, PUBLIC DIVIDEND CAPITAL AND CASH INVESTMENTS

11.1 External Borrowing

11.1.1 The Trust must comply with the 'Prudential Borrowing Code for NHS FTs' as determined by ~~NHSI~~NHSi and laid before Parliament, for the total amount of borrowing.

11.1.2 The Trust may borrow money for the purposes of; or in connection with, ~~it's~~its strategic objectives and its operational functions.

11.1.3 The total amount of the Trust's borrowing is subject to the limit imposed by its authorisation licence to be an FT and also to ~~NHSI~~NHSi's prudential borrowing limit.

11.1.4 The Trust's borrowing limit is subject to annual review by ~~NHSI~~NHSi.

11.1.5 Any application for a loan or overdraft facility or the use of any Working Capital Facility will only be made by the Director of Finance & Resources or a

person with specific delegated powers from the Director of Finance & Resources.

11.1.6 The Director of Finance & Resources must prepare detailed procedural instructions concerning applications for loans and overdrafts.

11.1.7 All short term borrowings should be kept to the minimum period of time possible, consistent with the overall cash position. Any short term borrowing requirement in excess of one month must be authorised by the Director of Finance & Resources.

11.1.8 All long-term borrowing must be consistent with the plans outlined in the current Trust Business Plan approved by the Board of Directors.

11.2 Public Dividend Capital (PDC)

11.2.1 The amount of Public Dividend Capital at the point in time when the former NHS Trust became an authorised Foundation Trust will become the initial PDC of the FT to be held on the same conditions.

11.2.2 The dividend payable by the FT is the same as that payable by an NHS Trust, under section 9(7) of the NHS and Community Care Act 2014. The Trust will comply with ~~NHSI~~NHSi's guidance on dividend payments.

11.2.3 The Board of Directors shall approve all increases or repayments of PDC recommended by the Director of Finance & Resources. Such changes must comply with ~~NHSI~~NHSi's Risk Assessment Framework 2013.

11.3 Investments

11.3.1 The Trust may invest money for the purposes of its strategic objectives and operational functions, ~~NHSI~~NHSi's guidance is to be followed ('Managing Operating Cash in NHS FTs' (December 2005)).

11.3.2 The Finance Committee shall set the investment policy (setting out acceptable risks and unacceptable risks) and oversee all investment transactions by the Trust. The investment policy shall be approved by the Board.

11.3.3 Investments may be made in forming and / or acquiring an interest in bodies corporate.

11.3.4 Temporary cash surpluses must be held only in investments permitted by ~~NHSI~~NHSi and meeting the criteria approved by the ~~F&PC~~Finance Committee. The short term investment vehicle must be approved by the ~~F&PC~~Finance Committee and reported to the Board of Directors.

11.3.5 The Director of Finance & Resources is responsible for advising the Board on investments and shall periodically report the performance of all investments held, to the Board (through the ~~F&PC~~Finance Committee).

11.3.6 The Director of Finance & Resources will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

11.3.7 The Director of Finance & Resources (or a senior finance manager with specific delegated powers from the Director of Finance & Resources) will authorise all investment transactions and ensure compliance with the investment policy at all times, with no investment made which would be outside the laid-down parameters for investment risk management in the policy. All investments are subject to periodic review and monitoring by the ~~F&PC~~Finance Committee.

12. COMPLIANCE FRAMEWORK FOR FOUNDATION TRUSTS

12.1 The Director of Finance & Resources should ensure that Directors of the Board are fully aware of ~~NHSIs~~S 'Compliance Framework 2009-10' (March 2009) and subsequent versions. This document contains, inter alia, financial directions for the annual planning and monitoring cycle, which all foundation trusts must follow.

12.2 The Director of Finance & Resources should also ensure that the direction and guidance in the compliance framework is followed, as necessary, by the Trust.

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

13.1 Capital Investment

13.1.1 The Chief Executive:

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

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

(c) Shall ensure that the capital investment is not undertaken without the availability of resources to finance all revenue consequences, including capital charges and confirmation of purchaser(s) support, if required.

13.1.2 For every capital expenditure proposal the Chief Executive shall ensure that a Business case, prepared to a standard template/format, as agreed by the Board of Directors, is produced for all schemes. This standard template/format shall be in line with guidance in the Capital Investment Manual and guidance from ~~NHSI~~NHSi.

13.1.3 Approval of the Business case shall follow the Scheme of Delegation, provided the project and maximum value has been included in the Annual Capital Plan for the year which has been prior approved by the F&IC and reported to the Board of Directors.

13.1.4 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of Estatecode' (where appropriate).

13.1.5 The Director of Finance & Resources shall present regular reports, of actual capital expenditure compared to the Annual Capital Plan, to the ~~F&PC~~Finance Committee.

13.1.6 The approval of a capital program shall not constitute approval for expenditure on any scheme.

13.1.7 The Chief Executive shall issue to the manager responsible for any scheme:

(a) specific authority to commit expenditure;

(b) authority to proceed to tender;

(c) approval to accept a successful tender;

The Chief Executive will issue a scheme of delegation for capital investment management in accordance with 'Estatecode' guidance (where appropriate) and the Trust's SOs.

13.1.8 The Director of Finance & Resources 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 delegated limits for capital schemes.

13.2 Private Finance

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

(a) The Trust will follow ~~NHSI~~NHSi's guidance 'Roles and Responsibilities in the Approval of NHS FT PFI Schemes' (issued 2007).

(b) The Director of Finance & Resources shall demonstrate that the use of private finance Represents value for money and genuinely transfers significant risk to the private sector.

(c) Where the sum involved exceeds delegated limits, the business case must be referred to the DH or, in line with current guidelines.

(d) The proposal must be specifically authorised by the Board.

13.3 Asset Registers

13.3.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Director of Finance & Resources

concerning the form of any register and the method of updating the register and arranging physical checks of assets recorded in the asset register.

13.3.2 The Trust shall maintain an asset register recording fixed assets. The minimum dataset shall be as specified in ~~NHSI~~NHSi's the 'Protection of Assets Guidance for NHSFTs.'

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

(a) Properly authorised and approved agreements, architect's certificates, ~~supplier's~~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.

13.3.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).

13.3.5 The Director of Finance & Resources shall approve procedures for reconciling balances on fixed assets accounts in the (accounting) general ledger with balances on the fixed asset registers.

13.4 Security of Assets

13.4.1 The overall control of fixed assets is the responsibility of the Chief Executive. The Trust has a Security Management Director ('SMD') and a non-executive director with overall responsible for security management at Board level. The operational level officer is the Local Security Management Specialist ('LSMS'). These roles are covered in SFI No. 2.6.

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

(a) Recording managerial responsibility for each asset;

(b) Identification of additions and disposals;

(c) Identification of all repairs and maintenance expenses;

(d) Physical security of assets;

(e) Periodic verification of the existence of, condition of, and title to, assets recorded;

(f) Identification and reporting of all costs associated with the retention of an asset;

(g) Reporting, recording and safekeeping of cash, cheques, and negotiable instruments.

13.4.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Director of Finance & Resources.

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

13.4.5 Any damage to the Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by directors and employees in accordance with the procedure for reporting 'losses and special payments' and also in accordance with the Security Management policy.

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

14. STORES AND RECEIPT OF GOODS

14.1 General position

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

(a) kept to a minimum;

(b) subjected to appropriate stock take arrangements;

(c) valued at the lower of cost or net realisable value.

14.2 Control of Stores, Stocktaking, condemnations and disposal

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

14.2.2 The responsibility for security arrangements and the custody of keys for any stores and locations shall be clearly defined in writing by the relevant designated Stores Manager or Estates manager or Chief Pharmacist. Wherever practicable, stocks should be marked as health service property.

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

14.2.4 Stocktaking arrangements shall be agreed with the Director of Finance & Resources and there shall be a physical check covering all items in store at least annually.

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

14.2.6 The designated manager (as in SFI No. 14.2.2) shall be responsible for a system approved by the Director of Finance & Resources for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Director of Finance & Resources any evidence of significant overstocking and of any negligence or malpractice (see also overlap with SFI No.15 Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

14.3 Goods supplied by Wholesale market via Materials Management system

14.3.1 The Procurement department will monitor and manage the supply chains for the organisation. Where Materials Management systems are in place for the receipt of goods that benefit the use of consolidated Invoicing through wholesaler arrangements will be monitored by the Head fo Strategice & Operational Procurement. Standard operating procedures will be force for the maintenance of records & discrepancies.

15. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS (see overlap with SFI No. 17)

15.1 Disposals and Condemnations

15.1.1 The Director of Finance & Resources must prepare detailed procedures for the disposal of assets I including condemnations, and ensure that these are notified to managers.

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

15.1.3 All unserviceable articles shall be:

(a) Condemned or otherwise disposed of by an employee authorised for that purpose by the Director of Finance & Resources;

(b) Recorded by the Condemning Officer in a form approved by the Director of Finance which will indicate whether the articles are to be converted,

destroyed or otherwise disposed of. All entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the Director of Finance & Resources.

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

15.2 Losses and Special Payments

15.2.1 The Director of Finance & Resources must prepare procedural instructions on the recording of and accounting for losses and special payments.

15.2.2 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately inform the Director responsible for Security Management, (in cases of theft and security management), the Director of Finance & Resources, (in cases of suspected or alleged Fraud, Bribery and Corruption). This officer will then inform the Chief Executive.

15.2.3 Where a criminal offence for theft or arson is alleged or suspected, the Director responsible for Security Management (the Trust's SMD) must immediately inform the LSMS and the police.

15.2.4 Where a criminal offence for fraud or corruption is alleged or suspected, the Director of Finance & Resources must immediately inform the LCFS and the police.

15.2.5 The LCFS and the LSMS must follow the Secretary of State for Health's directions on counter fraud and security management (whichever is appropriate to the circumstances). This includes notifying the NHS Business Services Authority, Counter-fraud and Security Management Division. The Director of Finance & Resources must notify the External Auditor of all actual frauds against the Trust (this is normally through the Audit Committee).

15.2.6 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Director of Finance & Resources must immediately notify:

(a) The Board of Directors, and

(b) The External Auditor.

15.2.7 Within limits delegated to it by the DH, the Board shall approve the writing-off of losses and special payments.

15.2.8 The Director of Finance & Resources shall be authorised to take any necessary steps to safeguard the Trust's interests in cases of supplier bankruptcies and company receiverships and liquidations.

15.2.9 For any loss, the Director of Finance & Resources should consider whether any insurance claim can be made.

15.2.10 The Director of Finance & Resources shall maintain a Losses and Special Payments Register in which write-off action is recorded.

15.2.11 No special payments exceeding delegated limits shall be made without the prior approval of the DH.

15.2.12 All losses and special payments must be reported to the Audit & Governance Committee at every meeting. A summary annual report of all losses and special payments shall be reported to the Audit Committee at the end of the financial year.

16. INFORMATION TECHNOLOGY

16.1 Responsibilities and duties of the Director of Finance & Resources

16.1.1 The Director of Finance & Resources, who is responsible for the accuracy and security of the computerised financial data of the Trust, shall:

(a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Trust's data, programs and computer hardware for which the Director is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 2003 (to be suplemented by the General Data Protection Regulations 2018 on 25 May 2018);

(b) ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;

(c) ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;

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

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

16.1.3 The Trust shall publish and maintain a Freedom of Information (FOI) Publication Scheme, or adopt a model Publication Scheme approved by the information Commissioner. A Publication Scheme is a complete guide to the information routinely published by a public authority. It describes the classes or types of information about our Trust that we make publicly available.

16.2 Responsibilities and duties of other Directors and Officers in relation to computer systems of a general application

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

(a) Details of the outline design specification of the system;

(b) In the case of packages acquired either from a commercial organisation, from the NHS, or from another public sector organisation, the operational requirement.

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

16.3.1 The Director of Finance & Resources 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 Director of Finance & Resources shall periodically seek assurances that adequate controls are in operation.

16.4 Risk Assessment

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

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

16.5.1 Where computer systems have an impact on corporate financial systems the Director of Finance & Resources shall need to be satisfied that:

(a) Systems acquisition, development and maintenance are in line with corporate policies such as an Information Technology Strategy;

(b) Data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists;

(c) Director of Finance & Resources staff have appropriate access to such data;

(d) Such computer audit reviews as are considered necessary are being carried out.

17. PATIENTS' PROPERTY

17.1 The Trust has a responsibility to provide safe custody for money and other personal property (hereafter referred to as 'property') handed in by patients or, in the possession of unconscious patients, confused patients, dying patients or dead patients on arrival.

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

(a) Notices and information booklets; (notices are subject to sensitivity guidance)

(b) Hospital admission documentation and property records;

(c) The oral advice of administrative and nursing staff responsible for admissions,

The Trust will not accept responsibility or liability for patients' property brought into Health Service premises, unless it is handed in for safe custody and a copy of an official patients' property record is obtained as a receipt.

17.3 The Chief 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. Due care should be exercised in the management of a patient's money.

17.4 Where ~~NHSI~~NHSi's or DH instructions require the opening of separate accounts for patients' moneys, these shall be opened and operated under arrangements agreed by the Director of Finance & Resources.

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

17.6 Staff should be informed, on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.

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

18. CHARITABLE FUNDS HELD ON TRUST

18.1 Corporate Trustee

18.1.1 The NHS Foundation Trust has responsibility as the sole corporate trustee under section 51 of the NHS Act 2006 (with investment powers under section

22-23 of the Trustee Act 2000) for the management of charitable trust funds and to define how those responsibilities are to be discharged and to ensure compliance with Charity Commission guidance and best practice.

18.1.2 The discharge of the Trust's corporate trustee responsibilities are distinct from its responsibilities for NHS / exchequer funds and may not necessarily be discharged in the same manner, but there must still be adherence to the overriding general principles of financial regularity, prudence and propriety.

18.1.3 The Director of Finance & Resources shall ensure that each charitable trust fund is managed according to its objectives and purposes.

18.1.4 The Board of the corporate trustee are deemed to be the Trustees of the Charitable Fund and must meet as often as is necessary to ensure the charitable fund is administered effectively and in accordance with guidance from the Charities Commission for England and Wales.

18.1.5 The Charitable Fund ~~has~~ operates under these Standing Financial Instructions and has a scheme of delegation in place, which regulates the financial affairs of the Charitable Fund and which is described in the Terms of Reference of the Charitable Funds Committee and the Board (acting as the agent of the corporate trustee).

19. STANDARDS OF BUSINESS CONDUCT

19.1 Hospitality and Gifts (Receiving)

19.1.1 A policy on the receipt of hospitality and gifts ~~(receiving)~~and commercial sponsorship (incorporated into the Management of Conflicts of Interest Policy) shall be approved by the Audit Committee and be subject to review by the Audit Committee.

19.1.2 The Foundation Trust Secretary shall ensure that all staff are made aware of the Trust policy on acceptance of gifts, hospitality and other benefits in kind by staff. This policy follows the guidance contained in the Department of Health circular HSG (93) 5 Standards of Business Conduct for NHS Staff, the Code of Conduct for NHS Managers, the NHS Code of Conduct for Boards and the Bribery Act 2010; and is also deemed to be an integral part of these SFIs.

19.1.3 The overriding principle is that a director or employee shall not in any circumstances solicit, proposition or agree to receive from any third party, any form of gift, hospitality or other benefit in return for doing or not doing anything in relation to the discharge of their duties and responsibilities, on behalf of the Trust, or for showing or not showing any favour or benefit in relation to their duties and responsibilities.

19.1.4 However, in some circumstances it may be perfectly appropriate for a director or employee to agree to receive or to accept a trivial or modest gift. This would include pens, calendars, lunch hospitality, inexpensive executive novelty items and diaries; detailed guidance can be found in the Gifts, Hospitality and Commercial Sponsorship Policy and Procedures.

19.1.5 The Trust Board Secretary shall enter these self-declarations in the Trust's Register of Gifts, Hospitalities and Benefits.

19.1.6 The Trust Board Secretary shall report all entries in the register to the Audit Committee at least once per year.

19.2 Hospitality and Gifts (Giving)

19.2.1 A Directors' expenses policy (incorporated into the Management of Conflicts of Interest Policy) shall be approved by the Board of Directors. This policy shall include guidance regarding the giving of hospitality and gifts to any third party in the course of Trust business.

19.3 Declarations of Interests

19.3.1 Refer to the Trust's 'Constitution' and Management of Conflicts of Interest Policy for the rules on declaring all business interests, in the course of Trust business, by the Board of Directors. Exactly the same standards apply to Trust employees and all other staff. As soon as they become aware, staff must report their interest in any potential contract or actual contract or any other business connection to the Trust Board Secretary (a ~~self declaration~~self-declaration) as soon as the interest has effect and must not take part in any meeting or business process and negotiation connected with the interest. The interest not only applies to the director or employee but also to their family members and business associates.

20. RETENTION OF RECORDS AND INFORMATION

20.1 The Chief Executive shall be responsible for maintaining archives for all records, information and data required to be retained in accordance with ~~NHSI~~NHSi/DH guidelines.

20.2 The records held in archives shall be capable of retrieval by authorized persons.

20.3 Records and information held in accordance with latest ~~NHSI~~NHSi / DH guidance shall only be destroyed before the specified guidance limits at the express authority of the Chief Executive or Director of Finance & Resources. Proper details shall be maintained of records and information so destroyed.

21. GOVERNANCE, RISK MANAGEMENT AND INSURANCE

21.1 ~~Healthcare Governance Committee~~Risk Committee

21.1.1 ~~In accordance with the 'Constitution' and the SOs t~~The Board of Directors shall establish ~~an Healthcare Governance~~a Risk Committee, with clearly defined terms of reference, approved by the Board of Directors.

21.1.2 The Committee is responsible for overseeing the implementation of the risk management strategy and policy within the Trust.

21.2 Programme of Risk Management

The Chief Executive shall ensure that the Trust has a programme of risk management, in accordance with current DH assurance framework 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 risk;

(c) management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control, cost effective insurance cover, and decisions on the acceptable level of retained risk;

(d) contingency plans to offset the impact of adverse events;

(e) audit arrangements including; Internal Audit, clinical audit, health and safety review;

(f) a clear indication of which risks shall be insured; and

(g) arrangements to review the Risk Management programme.

The existence, integration and evaluation of the above elements will support the process to provide the detailed wording of the 'Annual Governance Statement' (AGSR) (signed by the Chief Executive) within the Annual Report and Accounts (AR&A), as required by DH and Audit Commission guidance.

21.3 Insurance: Risk Pooling Schemes administered by NHSLA

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

21.4 Insurance arrangements with commercial insurers

21.4.1 There is a general NHS prohibition on entering into insurance arrangements with commercial insurers. There are, however, three exceptions when the Trust may enter into insurance arrangements with commercial insurers. These exceptions are:

(a) entering commercial arrangements for insuring motor vehicles owned by the Trust, including insuring third party liability arising from their use;

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

(c) where income generation activities take place. Income generation activities should normally be insured against all risks, using commercial insurance. If the income generation activity is also an activity normally carried out by the Trust for a NHS purpose the activity may be covered in the risk pool. Confirmation of coverage in the risk pool must be obtained from the NHS Litigation Authority. In any case of doubt concerning a trust's powers to enter into commercial insurance arrangements the Director of Finance & Resources should consult the DH.

21.5 Arrangements to be followed by the Board in agreeing Insurance cover

(a) Where the Board decides to use the risk pooling schemes administered by the NHS Litigation Authority, the Director of Finance & Resources shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Director of Finance & Resources shall ensure that documented procedures cover these arrangements.

(b) Where the Board decides not to use the risk pooling schemes administered by the NHS Litigation Authority for one or other of the risks covered by the schemes, the Director of Finance & Resources 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.

(c) The Director of Finance & Resources 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 covered / reimbursed.

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

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