

The Newcastle upon Tyne Hospitals NHS Foundation Trust

Standing Financial Instructions

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Section A

1. Interpretation and Definitions for Standing Financial Instructions

- 1.1 Save as otherwise permitted by law, at any meeting the Chairman of the Trust shall be the final authority on the interpretation of Standing Orders (on which they should be advised by the Chief Executive or Trust Secretary).
- 1.2 Any expression to which a meaning is given in the National Health Service Act 1977, National Health Service and Community Care Act 1990, National Health Service Act 2006, and other Acts relating to the National Health Service or in the Financial Regulations made under the Acts shall have the same meaning in these Standing Orders and Standing Financial Instructions and in addition:
- 1.2.1 "**Accountable Officer**" means the NHS Officer responsible and accountable for funds entrusted to the Trust. The officer shall be responsible for ensuring the proper stewardship of public funds and assets. For this Trust it shall be the Chief Executive.
- 1.2.2 "**Trust**" means The Newcastle upon Tyne Hospitals NHS Foundation Trust.
- 1.2.3 "**Board**" means the Chairman, Executive Directors and Non-Executive Directors of the Trust collectively as a body.
- 1.2.4 "**Budget**" means a resource, expressed in financial terms, proposed by the Board for the purpose of carrying out, for a specific period, any or all of the functions of the Trust.
- 1.2.5 "**Budget holder**" means the director of employee with delegated authority to manage finances (Income and Expenditure) for a specific area of the organisation.
- 1.2.6 "**Chairman of the Board (or Trust)**" is the person appointed by the Council of Governors to lead the Board and to ensure that it successfully discharges its overall responsibility for the Trust as a whole. The expression "the Chairman of the Trust" shall be deemed to include the Vice-Chairman of the Trust if the Chairman is absent from the meeting or is otherwise unavailable.
- 1.2.7 "**Chief Executive**" means the Chief Officer of the Trust.
- 1.2.8 "**Clinical Governance Committee**" means a committee whose functions are concerned with the arrangements for the purpose of monitoring and improving the quality of healthcare for which the Trust has responsibility.
- 1.2.9 "**Commissioning**" means the process for determining the need for and for obtaining the supply of healthcare and related services by the Trust within available resources.

- 1.2.10 "**Committee**" means a committee or sub-committee created and appointed by the Trust.
- 1.2.11 "**Committee members**" means persons formally appointed by the Board to sit on or to chair specific committees.
- 1.2.12 "**Constitution**" means the Constitution set out in Schedule 1 of the Terms of Authorisation dated 1st June 2006 and issued by Monitor.
- 1.2.13 "**Contracting and procuring**" means the systems for obtaining the supply of goods, materials, manufactured items, services, building and engineering services, works of construction and maintenance and for disposal of surplus and obsolete assets.
- 1.2.14 "**Finance Director**" means the Chief Financial Officer of the Trust.
- 1.2.15 "**Funds held on trust**" shall mean those funds which the Trust holds on date of incorporation, receives on distribution by statutory instrument or chooses subsequently to accept under powers derived under S.90 of the NHS Act 1977, as amended. Such funds may or may not be charitable.
- 1.2.16 "**Member**" means Executive Director or Non-Executive Director of the Board as the context permits. Member in relation to the Board does not include its Chairman.
- 1.2.17 "**Associate Member**" means a person appointed to perform specific statutory and non-statutory duties which have been delegated by the Board for them to perform and these duties have been recorded in an appropriate Board minute or other suitable record.
- 1.2.18 "**Membership, Procedure and Administration Arrangements Regulations**" means NHS Membership and Procedure Regulations (SI 1990/2024) and subsequent amendments.
- 1.2.19 "**Monitor**" means the independent regulator for NHS Foundation Trusts.
- 1.2.20 "**Nominated officer**" means an officer charged with the responsibility for discharging specific tasks within Standing Orders and Standing Financial Instructions.
- 1.2.21 "**Non-officer Member**" means a member of the Trust who is not an officer of the Trust and is not to be treated as an officer by virtue of regulation 1(3) of the Membership, Procedure and Administration Arrangements Regulations.
- 1.2.22 "**Officer**" means employee of the Trust or any other person holding a paid appointment or office with the Trust.
- 1.2.23 "**Officer Member**" means a member of the Trust who is either an officer of the Trust or is to be treated as an officer by virtue of regulation 1(3) (i.e. the Chairman of the Trust or any person nominated by such a Committee for appointment as a Trust member).

- 1.2.24 **"Trust Secretary"** means a person appointed to act independently of the Board to provide advice on corporate governance issues to the Board and the Chairman and monitor the Trust's compliance with the law, Standing Orders, and Department of Health and Monitor guidance.
- 1.2.25 **"SFIs"** means Standing Financial Instructions.
- 1.2.26 **"SOs"** means Standing Orders.
- 1.2.27 **"Vice-Chairman"** means the Non-Executive Director appointed by the Board to take on the Chairman's duties if the Chairman is absent for any reason.

Standing Financial Instructions

1. Introduction

1.1 General

- 1.1.1 The Trust's Terms of Authorisation state that the Trust shall comply with the principles of best practice applicable to corporate governance in the NHS / health sector, with any relevant code of practice and with any guidance issued by Monitor. The NHS FT Code of Governance states that the Board of Directors should maintain a sound system of internal control to safeguard public and private investment and Trust assets and the NHS FT Accounting Officer Memorandum gives further guidance in this respect. These Standing Financial Instructions (SFIs) are issued in accordance with this guidance, for the regulation of conduct of members and officers of the Trust, 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 Trust.
- 1.1.2 These SFIs detail the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Decisions Reserved to the Board of Directors and the Scheme of Delegation adopted by the Trust.
- 1.1.3 These SFIs identify the financial responsibilities which apply to everyone working for the Trust and its constituent organisations including Trading Units. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Finance Director.
- 1.1.4 Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of the Finance Director **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.
- 1.1.5 **The failure to comply with Standing Financial Instructions and Standing Orders can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.**
- 1.1.6 **Overriding Standing Financial Instructions** – If for any reason these Standing Financial Instructions are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit Committee for referring action or ratification. All members of the Board of Directors and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Finance Director as soon as possible.

1.2 Responsibilities and delegation

1.2.1 The Board of Directors

The Board of Directors exercises financial supervision and control by:

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

1.2.2 The Board of Directors has resolved that certain powers and decisions may only be exercised by the Board of Directors in formal session. These are set out in the 'Reservation of Powers to the Board of Directors' document. All other powers have been delegated to such other committees as the Trust has established.

1.2.3 The Chief Executive and Finance Director

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

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

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

1.2.6 The Finance Director is responsible for:

- (a) implementing the Trust's financial policies and for coordinating any corrective action necessary to further these policies;
- (b) maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal

checks are prepared, documented and maintained to supplement these instructions;

- (c) ensuring that sufficient records are maintained to show and explain the Trust's transactions, in order to disclose, with reasonable accuracy, the financial position of the Trust at any time;

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

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

1.2.7 Board Members and Employees

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

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

1.2.8 Contractors and their employees

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

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

2. Audit

2.1 Audit Committee

- 2.1.1 In accordance with Standing Orders, the Trust shall formally establish an Audit Committee, with clearly defined terms of reference and following guidance from Monitor's Audit Code (2006) where applicable, which will provide an independent and objective view of internal control by:
- (a) monitoring and reviewing the effectiveness of the Internal Audit function;
 - (b) monitoring and reviewing the independence and objectivity of the External Auditor and the effectiveness of the audit process, taking account of relevant UK professional and regulatory requirements;
 - (c) monitoring the integrity of the financial statements and any formal announcements relating to the Trust's financial performance, reviewing significant financial reporting judgments contained in them;
 - (d) reviewing financial and information systems;
 - (e) reviewing the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the Trust's objectives;
 - (f) monitoring compliance with Standing Orders and Standing Financial Instructions;
 - (g) reviewing schedules of losses and compensations and making recommendations to the Board of Directors;
 - (h) reviewing schedules of debtors/creditors balances over 6 months old and £20,000 and explanations/action plans;
 - (i) Reviewing the arrangements in place to support the Assurance Framework process prepared on behalf of the Board of Directors and advising the Board accordingly.
- 2.1.2 Where the Audit Committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wishes to raise, the Chair of the Audit Committee should raise the matter at a full meeting of the Board of Directors and advise the Council of Governors. Exceptionally, the matter may need to be referred to Monitor. (To Finance Director in the first instance.)
- 2.1.3 It is the responsibility of the Finance Director to ensure an adequate Internal Audit service is provided and the Audit Committee shall be involved in the selection process when/if an Internal Audit service provider is changed.

2.2 Finance Director

2.2.1 The Finance Director is responsible for:

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

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

- (a) access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
- (b) access at all reasonable times to any land, premises, members of the Board of Directors or employee of the Trust;
- (c) the production of any cash, stores or other property of the Trust under a member of the Board of Directors' or employee's control; and
- (d) explanations concerning any matter under investigation.

2.3 Role of Internal Audit

2.3.1 Internal Audit will review, appraise and report upon:

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

- (b) the adequacy and application of financial and other related management controls;
- (c) the suitability of financial and other related management data;
- (d) the extent to which the Trust's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
 - (i) fraud and other offences;
 - (ii) waste, extravagance, inefficient administration;
 - (iii) poor value for money or other causes.
- (e) Internal Audit shall also independently verify the Assurance Statements in accordance with guidance from the Department of Health.

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

2.3.3 The Head of Internal Audit will normally attend Audit Committee meetings and has a right of access to all Audit Committee members, the Chairman and Chief Executive of the Trust.

2.3.4 The Head of Internal Audit shall be accountable to the Finance Director. The reporting system for internal audit shall be agreed between the Finance Director, the Audit Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit Standards. The reporting system shall be reviewed at least every 3 years.

The following mechanisms for internal audit shall apply:

- (a) Unless special reporting procedures are requested, a draft report will be prepared at the end of each assignment and issued as a confidential document restricted to the Line Manager with direct responsibility for the area under review.
- (b) Internal Audit will seek a response to the draft report and managers will be given the opportunity to comment on the contents before a final report is issued, in order to agree the factual content and to obtain the manager's response to the audit findings. Internal Audit will request a reply from the line manager within one month of issue of the draft report indicating the proposed action in respect of the recommendations made. If no reply is received then the Senior Audit Manager will advise the Audit Liaison Officer.
- (c) Final reports including the Action Plan with target dates for the implementation of agreed action will be issued to the relevant Line Managers, Finance Director, Chief Executive, Audit Committee Members and External Audit, indicating the nature and timing of

follow up work. This report will be issued within one week of satisfactory management responses being received.

- (d) Internal Audit will provide a report to every Audit Committee meeting in the format agreed with the Audit Committee. The style and content of this report will be subject to review at least annually with the Audit Committee.

A Service Level Agreement (SLA) must be agreed and continue until the terms and conditions are replaced by an alternative SLA or until the client ceases to be a member of the Internal Audit Consortium.

2.4 External Audit

- 2.4.1 The Audit Code for NHS Foundation Trusts published by Monitor gives guidance on appointment and rotation of External Auditors. The External Auditor is appointed by the Council of Governors and paid for by the Trust.
- 2.4.2 The Audit Committee must ensure a cost-efficient External Audit service by assessing the work and fees on an annual basis and ensuring that the work is of a sufficiently high standard and that the fees are reasonable. The Audit Committee shall make recommendations to the Council of Governors regarding re-appointment but, notwithstanding this, the Trust shall undertake market testing for the appointment at least once every five years.
- 2.4.3 If the Council of Governors ends an External Auditor's appointment in disputed circumstances, the Chair of the Council of Governors must write to Monitor informing it of the reasons behind the decision.

2.5 Fraud and Corruption

- 2.5.1 In line with their responsibilities, the Trust Chief Executive and Finance Director shall monitor and ensure compliance with Directions issued by the Secretary of State for Health on fraud and corruption.
- 2.5.2 The Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist as specified by the Department of Health Fraud and Corruption Manual and guidance.
- 2.5.3 The Local Counter Fraud Specialist shall report to the Trust Finance Director and shall work with staff in the Counter Fraud and Security Management Services (CFSMS) and the Regional CFSMS in accordance with the Department of Health Fraud and Corruption Manual.
- 2.5.4 The Local Counter Fraud Specialist will provide a written report, at least annually, on counter fraud work within the Trust.

2.6 Security Management

- 2.6.1 The Chief Executive will monitor and ensure compliance with Directions on NHS Security Management issued by the Secretary of State for Health.
- 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 of Directors for NHS Security Management.
- 2.6.4 The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the Security Management Director (SMD) and the appointed Local Security Management Specialist (LSMS).

3. Bank, OPG & Building Society Accounts

3.1 General

- 3.1.1 The Finance Director is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of accounts. This advice will take into account the guidance issued by Monitor in the publication Managing Operating Cash in NHS Foundation Trusts, and any further guidance / directions issued from time to time in relation to investment of operating cash likely to be needed to support ongoing operations.
- 3.1.2 The Finance Director shall issue a policy on operating cash management in accordance with the above guidance from Monitor. The Board of Directors shall approve the policy and the resulting banking arrangements.

3.2 Bank and OPG Accounts

- 3.2.1 The Finance Director is responsible for:
 - (a) bank accounts and Office of the Paymaster General (OPG) accounts;
 - (b) establishing separate bank accounts for the Trust's non-exchequer funds;
 - (c) ensuring all receipts relating to the Newcastle Healthcare Charity are credited to the proper accounts;
 - (d) ensuring payments made from bank or OPG accounts do not exceed the amount credited to the account except where arrangements have been made;
 - (e) reporting to the Board of Directors all arrangements made with the Trust's bankers for accounts to be overdrawn.

3.3 Banking Procedures

- 3.3.1 The Finance Director will prepare detailed instructions on the operation of bank and OPG accounts which must include:
- (a) the conditions under which each bank and OPG account is to be operated;
 - (b) the limit to be applied to any overdraft;
 - (c) those authorised to sign cheques or other orders drawn on the Trust's accounts.
- 3.3.2 The Finance Director must advise the Trust's bankers in writing of the conditions under which each account will be operated.

3.4 Building Society Accounts

- 3.4.1 A Building Society Account will be utilised for patients' monies.

3.5 Tendering and Review

- 3.5.1 The Finance Director 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.
- 3.5.2 Competitive tenders should be sought at least every 5 years. The results of the tendering exercise should be reported to the Board of Directors. This review is not necessary for OPG accounts.

4. Investments

4.1 General

- 4.1.1 The Health and Social Care (Community Health and Standards) Act 2003 (as amended) permits Foundation Trusts to invest money for the purposes of, or in connection with, their functions.
- 4.1.2 For medium to long term investments, the guidance contained in the publication Risk Evaluation for Investment Decisions by NHS Foundation Trusts, issued by Monitor, shall be followed. This does not apply to investment of surplus operating cash, i.e, surplus cash likely to be needed within 12 months to support ongoing operations (covered by SFI No. 3).

4.2 Investment Policy

- 4.2.1 The Finance Director shall issue a written investment policy, in accordance with the publication Risk Evaluation for Investment Decisions by NHS Foundation Trusts. The policy shall be reviewed annually and be approved by the Board of Directors. Investments will only be made in accordance with the investment policy.

- 4.2.2 The Finance Director is responsible for advising the Board of Directors on investments and shall report periodically to the Board of Directors concerning the performance of investments held.

4.3 External Reporting Requirements

- 4.3.1 The Trust shall follow the mandatory reporting requirements in relation to investments, set out in the Compliance Framework.

5. Annual Accounts and Reports

- 5.1 The Finance Director, on behalf of the Trust, will:
- (a) prepare financial returns in accordance with the accounting policies and guidance given by Monitor and generally accepted accounting practice;
 - (b) prepare and submit annual financial report and accounts to Monitor, certified in accordance with current guidelines;
 - (c) submit financial returns to Monitor for each financial year, in accordance with the timetable prescribed by Monitor.
- 5.2 The Trust's annual accounts must be audited by an auditor appointed by the Council of Governors. The Trust's audited annual accounts must be presented to a public meeting and made available to the public.
- 5.3 The Trust will publish an annual report, in accordance with guidelines from Monitor, and present it at a public meeting. The document will comply with the relevant NHS Foundation Trust guidance, issued by Monitor.

6. Planning, Budgets, Budgetary Control & Monitoring

6.1 Preparation and Approval of Plans and Budgets

- 6.1.1 NHS Foundation Trusts are required to submit an Annual Plan to Monitor which includes forward planning information for publication, by 31st May each year. Full details of the requirements of the Annual Plan are contained within Chapter 2 of the Compliance Framework published by Monitor. In preparing the forward planning information, the Directors must have regard to the views of the Council of Governors. The Annual Plan will be compiled by the Chief Executive and must be approved by the Board of Directors. The Plan will contain:
- (a) Annual Plan Commentary, including 3-year strategic outlook, rationale for key assumptions and sensitivity analysis;
 - (b) Financial Projections, including actual results against plan for the previous year and projections for the next 3 years (Income & Expenditure, Balance Sheet & Cashflow);

- (c) Membership Report, including present and projected membership and commentary on membership strategy;
- (d) Board Statements, including certification that all significant risks have been identified, that effective risk & performance management processes are in place and that healthcare standards & targets will be met;
- (e) Governance Commentary, including review of any major non-financial issues;
- (f) Commentary on Mandatory Services, including a summary of major changes in service development strategy.

6.1.2 For each financial year the Finance Director will, on behalf of the Chief Executive, prepare and submit budgets for approval by the Board of Directors. Such budgets will:

- (a) be in accordance with the aims and objectives set out in the Annual Plan;
- (b) accord with workload and manpower plans;
- (c) be produced following discussion with appropriate budget holders;
- (d) be prepared within the limits of available funds;
- (e) identify potential risks.

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

6.1.4 All budget holders must provide information as required by the Finance Director to enable budgets to be compiled.

6.1.5 All budget holders will sign up to their allocated budgets at the commencement of each financial year.

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

6.2 Budgetary Delegation

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

- (a) the amount of the budget;
- (b) the purpose(s) of each budget heading;
- (c) individual and group responsibilities;
- (d) authority to exercise virement;

- (e) achievement of planned levels of service;
- (f) the provision of regular reports.

This can be in the format of a Financial Procedure Note.

- 6.2.2 The Chief Executive and delegated budget holders must not exceed the budgetary total or virement limits set by the Board of Directors.
- 6.2.3 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Executive, subject to any authorised use of virement.
- 6.2.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the Finance Director.

6.3 Budgetary Control and Reporting

- 6.3.1 The Finance Director will devise and maintain systems of budgetary control. These will include:

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

- 6.3.2 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 of Directors;

- (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 available resources and manpower establishment as approved by the Board of Directors.

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

6.4 Monitoring and Other In-Year Reports

6.4.1 The Chief Executive is responsible for ensuring that appropriate monitoring and other in-year returns are submitted to Monitor. These will consist of regular monitoring reports, exception reports and ad-hoc reports. Full details of the reporting and monitoring requirements are contained within Chapter 2 of the Compliance Framework published by Monitor.

6.5 Capital Expenditure

6.5.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. (The particular applications relating to capital are contained in SFI 15).

7. Income, Fees & Charges and Security of Cash, Cheques and Other Negotiable Instruments

7.1 Income Systems

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

7.1.2 The Finance Director is also responsible for the prompt banking of all monies received.

7.2 Fees and Charges

7.2.1 The Trust shall follow the guidance contained within Standing Financial Instruction 18 in setting prices for NHS service agreements.

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

Commercial Sponsorship – Ethical standards in the NHS shall be followed.

- 7.2.3 All employees must inform the Finance Director promptly of money due (in a format defined by the Finance Director) arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.

7.3 Debt Recovery

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

7.4 Security of Cash, Cheques and other Negotiable Instruments

- 7.4.1 The Finance Director 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) A cheque register must be maintained in which all cheque stocks received and issued must be recorded and signed for;
- (d) 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;
- (e) prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust.

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

- 7.4.3 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Finance Director.

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

- 7.4.5 All cash held on Trust premises must be kept to an absolute minimum and income and lodgments banked as frequently as is necessary and at intervals of not more than seven days.
- 7.4.6 The contents of safes and other forms of security container must be recorded in a manner approved by the Finance Director. The contents of the safes, etc., already recorded under other arrangements may be excluded, e.g. cash, patients' property etc.
- 7.4.7 Any discrepancies in balance of cash over £100 must be reported immediately to the Finance Director. Similarly any person with knowledge of, or suspecting, a loss must inform the Finance Director immediately.
- 7.4.8 All property, cash, etc. found on the Trust's premises must be handed to the officers designated by the Chief Executive for safekeeping and the details entered in a "Found Property Register". All cash, bank orders, etc. must be included in the miscellaneous income and remitted to the Finance Director or bank in accordance with the normal procedures. The designated officer must inform the local police of any property found that is estimated to be over £500 in value.
- 7.4.9 It is the responsibility of all Heads of Department and/or Clinical Directors to ensure that all incoming official mail is checked for remittances. Details of all remittances including those not directly payable to the Trust must be entered immediately in a register of a form approved by the Finance Director and certified accordingly. All such remittances must be paid across to the Trust's cashier on a daily basis. The register of remittances must be initialled by the cashier to confirm receipt of all remittances.
- 7.4.10 Cash registers must be operated in accordance with procedures approved by the Finance Director. Such procedures must provide, inter alia:
- (a) that the cash register keys must be held by a nominated officer;
 - (b) that no cashier or other operator must have access to the audit till roll or other check device;
 - (c) that proper hand-over procedures are followed and that the contents of cash registers are counted and balanced no less frequently than at the end of each operational shift by two officers who must maintain a proper record of takings and duly certify its accuracy.
- 7.4.11 In respect of salaries and wages payments:
- (a) A signature of receipt must be obtained from each employee in respect of each payment in cash of his or her salary or wage, except at witnessed payouts where the proceedings must be conducted by two officers, at least one of whom must be able to identify the persons collecting pay. Both officers must certify that the pay packets entrusted to them have been disposed of in accordance with the Finance Director's instructions.

- (b) The payment of salaries and wages must be made in person to the individual named on the pay packet or to his duly authorised banker and other fiscal agent and to no other, except that:
 - (i) payment may be made to a person who presents a properly completed proxy form in a form that must be approved by the Finance Director; or
 - (ii) in accordance with such alternative arrangements which must be agreed by the Finance Director.

7.4.12 Where substantial amounts of cash have to be transported (e.g. between bank and the Finance Director's Department) a specialist security firm must be employed. Under no circumstances must bulk wages or other large sums of money be transported by only one officer. Where wages are conveyed between departments, the route must be inspected to ensure that the possibility of robbery is minimal (e.g. through a reasonably busy part of the building where the public has no direct access) and an able-bodied escort must be provided.

8. Tendering and Contracting Procedure

8.1 Duty to comply with Standing Orders and Standing Financial Instructions

The procedure for making all contracts by or on behalf of the Trust shall comply with these Standing Orders and Standing Financial Instructions (except where Standing Order No. 3.13 Suspension of Standing Orders is applied).

8.2 EU Directives Governing Public Procurement

Directives by the Council of the European Union promulgated by the Department of Health (DH), prescribing procedures for awarding all forms of contracts, shall have effect as if incorporated in these Standing Orders and Standing Financial Instructions.

8.3 Reverse eAuctions

The Trust shall have policies and procedures in place for the control of all tendering activity carried out through Reverse eAuctions. For further guidance on Reverse eAuctions refer to www.ogc.gov.uk

8.4 Capital Investment Manual and other Department of Health Guidance

The Trust shall comply as far as is practicable with the requirements of the Department of Health "Capital Investment Manual" and "Estate code" in respect of capital investment and estate and property transactions.

8.5 Formal Competitive Tendering

8.5.1 General Applicability

The Trust shall ensure that competitive tenders are invited for:

- the supply of goods, materials and manufactured articles;
- the rendering of services including all forms of management consultancy services (other than specialised services sought from or provided by the DH);
- For the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens); for disposals.

8.5.2 Health Care Services

Where the Trust is acting as a commissioner of healthcare services from NHS bodies (such as subcontracting arrangements for outreach outpatient clinics) the Trust may elect to follow either the provisions of SFI 8 or SFI 9. If electing to follow SFI 8, SFI 8 must be followed in its entirety. Likewise, if electing to follow SFI 9, SFI 9 must be followed in its entirety.

8.5.3 Exceptions and instances where formal tendering need not be applied

Formal tendering procedures **need not be applied**:

- (a) where the estimated expenditure or income does not, or is not reasonably expected to, exceed **£50,000**; or
- (b) where the supply is proposed under special arrangements negotiated by the DH in which event the said special arrangements must be complied with; or
- (c) regarding disposals as set out in Standing Financial Instructions No. 19; or
- (d) where the requirement is covered by an existing contract; or
- (e) where NHS Purchasing and Supply Agency or Office of Government Commerce or NHS Supply Chain contracts are in place and have been approved by the Board of Directors; or
- (f) where a consortium arrangement is in place and a lead NHS organisation has been appointed to carry out tendering activity on behalf of the consortium members; or
- (g) for the provision of legal advice and services providing that any legal firm or partnership commissioned by the Trust is regulated by the Law Society for England and Wales for the conduct of their business (or by

the Bar Council for England and Wales in relation to the obtaining of Counsel's opinion) and are generally recognised as having sufficient expertise in the area of work for which they are commissioned. The Finance Director will ensure that any fees paid are reasonable and within commonly accepted rates for the costing of such work;

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

- (h) 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; or
- (i) where the timescale genuinely precludes competitive tendering (but failure to plan the work properly would not be regarded as a justification for a single tender); or
- (j) where specialist expertise is required and is available from only one source; or
- (k) when the task is essential to complete the project, and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate; or
- (l) there is a clear benefit to be gained from maintaining continuity with an earlier project. However in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering; or
- (m) where the principal contractor or a key sub-contractor has gone into liquidation, administration or bankruptcy and is unable to complete a current project or commence a scheme which has just been let; or
- (n) where allowed and provided for in the Capital Investment Manual.

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

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

8.5.4 **Fair and Adequate Competition**

Except where the exceptions set out in SFI Nos. 8.1 and 8.5.3 apply, the Trust shall ensure that invitations to tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and in no case less than two firms/individuals, having regard to their

capacity to supply the goods or materials or to undertake the services or works required.

8.5.5 Items which subsequently breach thresholds after original approval

Items estimated to be below the limits set in this Standing Financial Instruction for which formal tendering procedures are not used, which subsequently prove to have a value above such limits, shall be reported to the Chief Executive, notified to the Audit Committee at its next regular meeting and be recorded in an appropriate Trust record.

8.6 Contracting/Tendering Procedure

8.6.1 Invitation to tender

- (i) All invitations to tender shall state the date and time as being the latest time for the receipt of tenders.
- (ii) All invitations to tender shall state that no tender will be accepted unless:
 - (a) Submitted in a plain sealed package or envelope bearing a pre-printed label supplied by the Trust (or the word "tender" followed by the subject to which it relates) and the latest date and time for the receipt of such tender addressed to the Chief Executive or nominated Manager;
 - (b) Tender envelopes/ packages do not bear any names or marks indicating the sender. The use of courier/postal services must not identify the sender on the envelope or on any receipt so required by the deliverer.
- (iii) Every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable.
- (iv) Every tender for building or engineering works (except for maintenance work, when Estmancode guidance shall be followed) shall embody or be in the terms of the current edition of one of the Joint Contracts Tribunal Standard Forms of Building Contract or Department of the Environment (GC/Wks) Standard forms of contract amended to comply with Concode; or, when the content of the work is primarily engineering, the General Conditions of Contract recommended by the Institution of Mechanical and Electrical Engineers and the Association of Consulting Engineers (Form A), or (in the case of civil engineering work) the General Conditions of Contract recommended by the Institute of Civil Engineers, the Association of Consulting Engineers and the Federation of Civil Engineering Contractors. These documents shall be modified and/or amplified to accord with Department of Health guidance and, in minor respects, to cover special features of individual projects.

8.6.2 **Receipt and safe custody of tenders**

The Chief Executive or his nominated representative will be responsible for the receipt, endorsement and safe custody of tenders received until the time appointed for their opening.

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

8.6.3 **Opening tenders and Register of tenders**

- (i) As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened by two senior officers/managers designated by the Chief Executive and not from the originating department.
- (ii) The 'originating' Department will be taken to mean the Department sponsoring or commissioning the tender.
- (iii) All Executive Directors will be authorised to open tenders regardless of whether they are from the originating department provided that the other authorised person opening the tenders with them is not from the originating department.

The Trust Secretary will count as a Director for the purposes of opening tenders.

- (iv) Every tender received shall be marked with the date of opening and initialed by those present at the opening.
- (v) A permanent record is to be maintained by the Chief Executive, or a person authorised by him, to show for each set of competitive tender invitations dispatched:
 - the name of all firms / individuals invited;
 - the names of firms / individuals from which tenders have been received;
 - the date the tenders were opened;
 - the persons present at the opening;
 - the price shown on each tender;
 - a note where price alterations have been made on the tender.

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

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

- (vi) Incomplete tenders, i.e. those from which information necessary for the adjudication of the tender is missing, and amended tenders i.e., those amended by the tenderer upon his own initiative either orally or in writing after the due time for receipt, but prior to the opening of

other tenders, should be dealt with in the same way as late tenders. (SFI 8.6.5 below).

8.6.4 **Admissibility**

- i) If for any reason the designated officers are of the opinion that the tenders received are not strictly competitive (for example, because their numbers are insufficient or any are amended, incomplete or qualified) no contract shall be awarded without the approval of the Chief Executive.
- (ii) Where only one tender is sought and/or received, the Chief Executive and Finance Director shall, as far practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for the Trust.

8.6.5 **Late tenders**

- (i) Tenders received after the due time and date, but prior to the opening of the other tenders, may be considered only if the Chief Executive or his nominated officer decides that there are exceptional circumstances i.e. dispatched in good time but delayed through no fault of the tenderer.
- (ii) Only in the most exceptional circumstances will a tender be considered which is received after the opening of the other tenders and only then if the tenders that have been duly opened have not left the custody of the Chief Executive or his nominated officer or if the process of evaluation and adjudication has not started.
- (iii) While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential, recorded, and held in safe custody by the Chief Executive or his nominated officer.

8.6.6 **Acceptance of formal tenders (See overlap with SFI No. 9)**

- (i) Any discussions with a tenderer which are deemed necessary to clarify technical aspects of his tender before the award of a contract will not disqualify the tender.
- (ii) The lowest tender, if payment is to be made by the Trust, or the highest, if payment is to be received by the Trust, shall be accepted unless there are good and sufficient reasons to the contrary. Such reasons shall be set out in either the contract file, or other appropriate record.

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

- (iii) No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with these Instructions except with the authorisation of the Chief Executive.
- (iv) The use of these procedures must demonstrate that the award of the contract was:
 - (a) Not in excess of the going market rate / price current at the time the contract was awarded;
 - (b) That best value for money was achieved.
- (v) All tenders should be treated as confidential and should be retained for inspection.

8.6.7 Tender reports to the Board of Directors

Reports to the Board of Directors will be made where the total tender value (inclusive of any VAT payable) taken over the duration of a contract period exceeds £1.0 million, or in any exceptional circumstance (as defined by the Supplies & Services Procurement Committee or the Finance Director).

8.7 Quotations: Competitive and non-competitive

8.7.1 General Position on quotations

Quotations are required where formal tendering procedures are not adopted and where the intended expenditure or income exceeds, or is reasonably expected to exceed £10,000 but not exceed £50,000.

8.7.2 Competitive Quotations

- (i) Quotations should be obtained from at least 3 firms/individuals based on specifications or terms of reference prepared by, or on behalf of, the Trust.
- (ii) Quotations should be in writing unless the Chief Executive or his nominated officer determines that it is impractical to do so in which case quotations may be obtained by telephone. Confirmation of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record.
- (iii) All quotations should be treated as confidential and should be retained for inspection.
- (iv) The Chief Executive or his nominated officer should evaluate the quotation and select the quote which gives the best value for money. If this is not the lowest quotation, if payment is to be made by the Trust, or the highest if payment is to be received by the Trust, then

the choice made and the reasons why should be recorded in a permanent record.

8.7.3 Non-Competitive Quotations

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

- (i) The supply of proprietary or other goods of a special character and the rendering of services of a special character, for which it is not, in the opinion of the responsible officer, possible or desirable to obtain competitive quotations; or
- (ii) The supply of goods or manufactured articles of any kind which are required quickly and are not obtainable under existing contracts.

8.7.4 Quotations to be within Financial Limits

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

8.8 Authorisation of Tenders and Competitive Quotations

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

Supplies and Services Procurement Committee	up to	£1,000,000
Board	over	£1,000,000

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

Formal authorisation must be put in writing. In the case of authorisation by the Supplies and Services Procurement Committee or the Board of Directors, this shall be recorded in their minutes.

8.9 Private Finance for capital procurement (see overlap with SFI No. 15)

The Trust should consider, where appropriate, a test for PFI (Private Finance Initiative funding) when considering a capital procurement. When the Trust proposes to use finance which is to be provided other than available from its own internally generated resources or from commercial borrowing (within the limits of the Trust's Prudential Borrowing Limit set by Monitor), the following shall apply:

- (a) The Finance Director shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.

- (b) The proposal must be specifically agreed by the Board of Directors.
- (c) The selection of a contractor/finance company must be on the basis of competitive tendering or quotations.

8.10 Compliance requirements for all contracts

The Board of Directors may only enter into contracts on behalf of the Trust which comply with:

- (a) The Trust's Standing Orders and Standing Financial Instructions;
- (b) EU Directives and other statutory provisions;
- (c) Any relevant directions including the Capital Investment Manual, Estate code and guidance on the Procurement and Management of Consultants;
- (d) Such of the NHS Standard Contract Conditions as are applicable;
- (e) NHS guidance relating to contracts with Foundation. Trusts.

8.11 Delegated Spending Officers – There will be Spending Officers (Chief Executive and Purchasing & Supply Manager) designated by the Board of Directors to whom the power of making contracts for non-staff goods and services and non-healthcare services is delegated by the Trust.

8.12 Authority to raise orders against such contracts may be delegated to other Officers by Spending Officers. Any other officers within the Trust with a responsibility for expenditure are not empowered to effect contracts and are covered elsewhere in the Standing Financial Instructions.

8.13 Personnel and Agency or Temporary Staff Contracts

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

8.14 Disposals (See overlap with SFI No. 17)

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 supplies policy of the Trust;
- (c) Items to be disposed of with an estimated sale value of less than £50,000, this figure to be reviewed on a periodic basis;
- (d) Items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;
- (e) Land or buildings concerning which DH guidance has been issued but subject to compliance with such guidance.

8.15 In-house Services

- 8.15.1 The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis. The Trust may also determine from time to time that in-house services should be market tested by competitive tendering.
- 8.15.2 In all cases where the Board of Directors 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.
 - (b) In-house tender group, comprising a nominee of the Chief Executive and technical support.
 - (c) Evaluation team, comprising normally a specialist officer, a supplies officer and a Finance Director representative. For services having a likely annual expenditure exceeding £50,000, a non-officer member should be a member of the evaluation team.
- 8.15.3 All groups should work independently of each other and individual officers may be a member of more than one group but no member of the in-house tender group may participate in the evaluation of tenders.
- 8.15.4 The evaluation team shall make recommendations to the Board of Directors.
- 8.15.5 The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the Trust.

8.16 Applicability of SFIs on Tendering and Contracting to funds held in trust (see overlap with SFI No. 20)

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

9. Service Level Agreements for the Provision of Healthcare Services

9.1 Service Level Agreements (SLAs)

- 9.1.1 The Chief Operating Officer is responsible for ensuring that the Trust enters into Service Level Agreements (SLAs) for the provision of healthcare services to, and the purchase of healthcare services from, other NHS bodies.
- 9.1.2 An SLA is a legally binding document that describes the service in question, including any quality indicators, the price to be paid, and any other necessary contractual terms that will protect the Trust in its contractual relationship with other NHS bodies.
- 9.1.3 As a Foundation Trust, the Trust will normally be concerned with the provision of health services; however there may be circumstances where part of a service is sub-contracted to another NHS body and the Trust acts as purchaser rather than provider. This SFI applies primarily to the Trust's role as provider, but comments apply equally to a purchaser role.
- 9.1.4 The Chief Operating Officer shall attempt to establish SLAs for all services by employing a standard set of terms and conditions. In practice Commissioners may require a different set of terms and conditions which will need to be the subject of negotiation; however the Trust's default position is the approved model SLA. As a general principle, the Trust shall seek to include all aspects of patient care in a single SLA; i.e. the presumption should be against supplementary agreements for selected services that stand outside the SLA.
- 9.1.5 All SLAs shall be approved by the Board of Directors. The Board of Directors may delegate authority for signing SLAs to Executive Directors as described in the Scheme of Delegation.

9.2 Content and Pricing of SLAs

- 9.2.1 In general SLAs will cover a financial year from 1st April, although the Chief Operating Officer may approve SLAs that cover less than or more than one year, particularly in respect of smaller commissioners or where it is believed the service will change at some known point in the future.
- 9.2.2 The price applied to SLAs shall follow guidance on commissioning and contracting, issued from time to time by the Department of Health. That guidance is collectively known as Payment by Results (PbR). The Chief Operating Officer shall seek advice from the Finance Director on the application of PbR guidance in the pricing of SLAs.
- 9.2.3 SLAs entered into by the Trust must follow PbR principles including the definition of services included and excluded from PbR, application of the national tariff and local tariffs as appropriate. SLAs shall follow a standard format to document the service provided and the price, the Finance Director shall maintain a summary of all SLAs entered into by the Trust,

and ensure that the aggregate value of SLAs feeds into the income budget of the Trust.

- 9.2.4 The Chief Operating Officer shall seek advice from the Finance Director on local tariffs; for example indicative national tariffs (plus Market Forces Factor), local prices derived from reference costs, or historic prices uplifted by an appropriate percentage for inflation.

9.3 Agreement of SLAs

- 9.3.1 In negotiating and agreeing SLAs, the Chief Operating Officer shall follow any guidance on an appropriate timetable issued by the Department of Health, Monitor, or the Strategic Health Authority.
- 9.3.2 The Chief Operating Officer may nominate staff empowered to negotiate SLAs with Commissioners on behalf of the Trust, such staff must operate within parameters and approval limits set by the Chief Operating Officer.
- 9.3.3 The Trust may enter into “risk share agreements” with two or more Commissioners; where Commissioners agree to pool the funding for a specific service within their individual SLA, and effectively waive individual under/over performance in favour of a collective agreement.
- 9.3.4 At the conclusion of the annual SLA negotiation round the Chief Operating Officer shall advise Directorates of the quantity of activity that has been purchased, and that quantity shall be a target for Directorates for the year.
- 9.3.5 All in-year variations to an SLA shall be agreed by the Chief Operating Officer, and shall be appropriately documented. Before any variations are agreed, the Chief Operating Officer shall consult the Directorate concerned and the Finance Director regarding the Trust’s capacity to deliver the variation and to permit assessment of income against like cost.

9.4 Monitoring SLA activity in-year

- 9.4.1 The Chief Operating Officer shall ensure that all SLAs are monitored in-year by the provision of appropriate reports to meet three different needs:
- (a) Board of Directors (and the Executive Team) - The Chief Operating Officer shall ensure that the Board of Directors (and Executive Team) receives information monthly that, as a minimum, summarises the performance of the Trust against aggregate SLAs to date and (from month six onwards) forecast outturn for the year.
 - (b) Commissioners – The Chief Operating Officer shall ensure that each Commissioner is provided with information that compares SLA activity and actual activity on a monthly basis, with a formal financial reconciliation performed quarterly.
 - (c) Directorates - The Chief Operating Officer shall ensure that Directorates are provided with information that, as a minimum,

compares SLA for that Directorate and actual activity on a quarterly basis, with a formal financial reconciliation quarterly.

9.4.2 All monitoring reports shall contain both activity and financial information.

9.4.3 The Finance Director shall include year to date and forecast income arising from SLAs in the monthly finance report provided to the Board of Directors and Executive Team.

9.5 Invoicing Arrangements

9.5.1 The Finance Director shall ensure that invoices or credit notes are raised to recover income due to the Trust from SLAs, both the main SLA and any over/under performance, in accordance with any timetables issued by the Department of Health, Monitor, or the Strategic Health Authority.

9.5.2 If at any time the Finance Director shall become aware that Commissioners are likely to refuse to settle invoices due to lack of funds, the Chief Operating Officer shall be informed. The Chief Operating Officer and the Finance Director shall then consider any measures necessary to mitigate the risk of bad debts, which may include withdrawing services in accordance with the terms of the SLA.

10. Services Outside Service Level Agreements

10.1 The Trust shall seek to agree SLAs in respect of all patient care services; however the lack of an SLA need not prevent services being provided. There are several circumstances where services can occur without an SLA; out of area treatments, ad-hoc services, and overseas visitors.

(a) Out of Area Treatments (OATs)

The Trust may provide services to patients outside of SLAs; most obviously emergency treatment provided to patients from more distant PCTs, from which there is not a regular flow of patients and an SLA is not justified (commonly termed Out of Area Treatments). In such circumstances the Chief Operating Officer shall follow national NHS rules on advance notification, information requirements, and pricing.

(b) Ad-hoc services

The Chief Operating Officer may enter into agreement to provide ad-hoc services without an SLA, although every effort should be made to ensure the agreement of the Commissioner is fully documented. Examples would include the provision of specialist drugs at cost, specific arrangements for individual patients, services of a short term or temporary nature, services that commissioners prefer to contract and finance outside the formal SLA, and so forth.

(c) Overseas Visitors

The Chief Operating Officer shall issue guidelines and procedures regarding the provision of services to any individuals not covered by the NHS, for example overseas visitors, asylum seekers, members of the armed forces, and so forth.

10.2 The Chief Operating Officer shall inform the Finance Director of all such agreements outside SLAs. The Finance Director shall be responsible for ensuring that invoices for OATs are raised, and any income due is collected, in accordance with any national guidelines.

11. Terms of Service, Allowances and Payment of Executive Directors and Employees

11.1 Remuneration Committee (see overlap with SO No. 4)

11.1.1 In accordance with the NHS Foundation Trust Code of Governance and Standing Orders, the Board of Directors shall establish a Remuneration Committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting.

11.1.2 The Committee will:

- (a) have delegated responsibility for setting remuneration for all Executive Directors, including:
 - (i) all aspects of salary, including any performance-related elements and bonuses. Performance conditions should be relevant and stretching and designed to match the long term interests of the public;
 - (ii) pension rights and other benefits, including cars. (In general, only basic salary should be pensionable);
 - (iii) compensation payments and arrangements for termination of employment and other contractual terms.
- (b) consider the pension consequences and associated costs to the Trust of basic salary increases and other changes in pensionable remuneration when setting remuneration levels, especially for directors close to retirement.
- (c) set and disclose upper limits for bonuses.
- (d) make recommendations to the Board of Directors on the remuneration and terms of service of senior management, to ensure they are fairly rewarded for their individual contribution to the Trust, having proper regard to the Trust's circumstances and performance.
- (e) monitor and evaluate the performance of individual Executive Directors (and other senior employees). Payouts under all incentive

schemes should be subject to challenging performance criteria, reflecting the objectives of the Trust.

- (f) carefully consider what compensation commitments (including pension contributions and all other elements) the directors' terms of appointment would entail in the event of early termination, with the aim of avoiding rewarding poor performance.

- 11.1.3 The Committee shall report in writing to the Board of Directors the basis for its decisions and recommendations. Minutes of the Board's meetings shall record such decisions.
- 11.1.4 The Board of Directors will, after due consideration and amendment if appropriate, approve proposals presented by the Chief Executive for the setting of remuneration and conditions of service for those employees and officers not covered by the Committee.
- 11.1.5 The Trust will pay allowances to the Chairman and Non-Executive Directors in accordance with instructions issued by the Council of Governors.

11.2 Funded Establishment

- 11.2.1 The manpower plans incorporated within the annual budget will form the funded establishment.
- 11.2.2 The funded establishment of any department may not be varied without the approval of the Chief Executive or his nominated officer. This may be devolved to a Workforce Panel.

11.3 Staff Appointments

- 11.3.1 No member of the Board of Directors or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration:

- (a) unless authorised to do so by the Chief Executive;
- (b) within the limit of their approved budget and funded establishment.

The Chief Executive has nominated a Recruitment Control Panel to carry out these duties on his behalf.

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

11.4 Processing Payroll

- 11.4.1 The Finance Director, in collaboration with the HR Director, is responsible for:

- (a) specifying timetables for submission of properly authorised time records and other notifications;
- (b) the final determination of pay and allowances;
- (c) making payment on agreed dates;
- (d) agreeing method of payment.

11.4.2 The Finance Director, in collaboration with the HR Director, will issue instructions regarding:

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

11.4.3 Appropriately nominated managers have delegated responsibility for:

- (a) submitting time records, and other notifications in accordance with agreed timetables;
- (b) completing time records and other notifications in accordance with the Finance Director's instructions and in the form prescribed by the Finance Director;

- (c) submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's or officer's resignation, termination or retirement. Where an employee fails to report for duty or to fulfill obligations in circumstances that suggest they have left without notice, the Finance Director must be informed immediately.
- 11.4.4 Regardless of the arrangements for providing the payroll service, the Finance Director shall ensure that the chosen method is supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures and that suitable arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies.
- 11.4.5 The Finance Director may appoint an agent to discharge a number of payroll responsibilities whilst retaining overall control of the payment of staff. This work will be carried out in collaboration with the Trust's Personnel Manager.
- 11.4.6 Unclaimed salaries and wages shall be dealt with in accordance with the procedure laid down by the Finance Director.
- 11.4.7 Payments must not be made in advance of the normal pay day determined by the Finance Director except:
 - (a) to cover periods of authorised leave of weekly paid staff involving absence on the normal pay day;
 - (b) in special cases authorised by the Finance Director and limited to the net pay earned at the time of payment.
- 11.4.8 The Finance Director must be informed within 24 hours of any action taken to suspend an employee from duty with pay and he must similarly be informed promptly in writing of any case where an employee's contract of employment has been terminated with payment in lieu of notice.
- 11.4.9 The Finance Director will require, as he deems necessary, departmental heads to provide officers at pay parades capable of identifying those presenting themselves for payment in order to ensure payment to the proper persons.

11.5 Contracts of Employment

- 11.5.1 The Board of Directors shall delegate responsibility to an officer for:
 - (a) ensuring that all employees are issued with a Contract of Employment in a form approved by the Board of Directors and which complies with employment legislation;
 - (b) dealing with variations to, or termination of, contracts of employment.

12. Non-Pay Expenditure

12.1 Delegation of Authority

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

12.1.2 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.

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

12.2 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services (see overlap with Standing Financial Instruction No. 16)

12.2.1 Requisitioning

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

12.2.2 System of Payment and Payment Verification

The Finance Director 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. All personal expenses must be necessarily incurred in the carrying out of Trust duties.

12.2.3 The Finance Director will:

- (a) advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in Standing Orders and Standing Financial Instructions and regularly reviewed;
- (b) prepare procedural instructions or guidance [where not already provided 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 Board members / employees (including specimens of their signatures) authorised to certify invoices;
 - (ii) Certification that:
 - goods have been duly received, examined and are in accordance with specification and the prices are correct;
 - work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
 - in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;
 - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
 - the account is arithmetically correct;
 - the account is in order for payment;
 - The account has not been paid previously.
 - (iii) A timetable and system for submission to the Finance Director 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. 12.2.4 below.

12.2.4 Prepayments

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

- (a) Prepayments are only permitted where the financial advantages outweigh the disadvantages (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 is at some time during the course of the prepayment agreement unable to meet his commitments;
- (c) The Finance Director 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.

Official Orders

Official Orders must:

- (a) be consecutively numbered;
- (b) be in a form approved by the Finance Director in collaboration with the Purchasing & Supply Manager;
- (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.

12.2.6 Duties of Managers and Officers

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

- (a) all contracts (other than for a simple purchase permitted within the Scheme of Delegation or delegated budget), leases, tenancy agreements and other commitments which may result in a liability are notified to the Finance Director in advance of any commitment being made;
- (b) contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement;
- (c) no order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to directors or employees, other than:

- (i) isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;
- (ii) conventional hospitality, such as lunches in the course of working visits.

(This provision needs to be read in conjunction with Standing Order No. 6 and the principles outlined in the national guidance contained in HSG 93(5) "Standards of Business Conduct for NHS Staff");

- (d) no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Finance Director on behalf of the Chief Executive;
- (e) all goods, services, or works are ordered on an official order except: works and services executed in accordance with a contract or service agreement; purchases from petty cash or on purchase cards (if appropriate); where the setting of a contract or raising of an official order is not feasible, for example, out of area emergency patient transport costs;
- (f) verbal orders must only be issued very exceptionally - by an employee designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "Confirmation Order";
- (g) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- (h) goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;
- (i) changes to the list of employees and officers authorised to certify invoices are notified to the Finance Director;
- (j) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Finance Director;
- (k) petty cash records are maintained in a form as determined by the Finance Director;
- (l) claims from contractors in respect of matters not clearly within the terms of an existing contract must be referred to the Finance Director for consideration as to legal liability and financial assessment, before any settlement of the claim is reached.

12.2.7 The Chief Executive and Finance Director 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 Estate code. The technical audit of these contracts shall be the responsibility of the relevant Director.

12.3 Joint Finance Arrangements with Local Authorities and Voluntary Bodies (see overlap with Standing Order No. 9.1)

12.3.1 Payments to local authorities and voluntary organisations made under the powers of section 28A of the NHS Act shall comply with procedures laid down by the Finance Director which shall be in accordance with the Act. (See overlap with Standing Order No. 9.1).

13. External Borrowing

13.1.1 The Finance Director will advise the Board of Directors concerning the Trust's ability to pay dividend on, and repay Public Dividend Capital and any proposed new borrowing, within limits set by the Department of Health and Monitor. The Finance Director is also responsible for reporting periodically to the Board of Directors concerning the PDC debt and all loans and overdrafts.

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

13.1.3 The Finance Director must prepare detailed procedural instructions concerning applications for loans and overdrafts.

13.1.4 All short-term borrowings should be kept to the minimum period of time possible, consistent with the overall cashflow position, represent good value for money, and comply with the latest guidance from Monitor.

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

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

14. Compliance Framework

14.1 The Finance Director shall ensure that members of the Board of Directors are aware of the Compliance Framework. This document contains directions which the Trust must follow. The Finance Director shall also ensure that the direction and guidance in the framework is followed by the Trust.

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

15.1 Capital Investment

15.1.1 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 capital investment is not undertaken without confirmation of the availability of resources to finance all revenue consequences, including capital charges.

15.1.2 For every capital expenditure proposal **in excess of £50,000** the Chief Executive shall ensure:

- (a) that a business case (in line with the guidance contained within the Capital Investment Manual) is produced setting out:
 - (i) an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
 - (ii) the involvement of appropriate Trust personnel and external agencies;
 - (iii) appropriate project management and control arrangements;
- (b) that the Finance Director, in conjunction with the Estates Manager and the Business & Development Director, has certified professionally to the costs and revenue consequences detailed in the business case.

15.1.3 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of Estate code.

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

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

15.1.6 The approval of a capital programme shall not constitute approval for expenditure on any individual scheme.

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

- (a) specific authority to commit expenditure;

- (b) authority to proceed to tender (see overlap with SFI No. 9.6);
- (c) approval to accept a successful tender (see overlap with SFI No. 9.6).

The Chief Executive will issue a scheme of delegation for capital investment management in accordance with the Trust's Standing Orders.

15.1.7 The Finance Director shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes.

15.2 Private Finance (PFI)

15.2.1 The Trust should consider, where appropriate, a test for PFI when considering capital procurement. When the Trust proposes to use finance which is to be provided other than available from its own internally generated resources or from commercial borrowing (within the limits of the Trust's Prudential Borrowing Limit set by Monitor), the following procedures shall apply:

- (a) The Finance Director shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
- (b) The proposal must be specifically agreed by the Board of Directors.

15.3 Asset Registers

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

15.3.2 The Trust shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be determined by the Trust.

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

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

- 15.3.4 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).
- 15.3.5 The Finance Director shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 15.3.6 The value of each asset shall be indexed to current values in accordance with methods specified in the FT FReM issued by Monitor.
- 15.3.7 The value of each asset shall be depreciated using methods and rates as specified in the FT FReM issued by Monitor.
- 15.3.8 The Finance Director of the Trust shall calculate and pay capital charges as specified in the FT FReM issued by Monitor.

15.4 Security of Assets

- 15.4.1 The overall control of fixed assets is the responsibility of the Chief Executive.
- 15.4.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Finance Director. 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.
- 15.4.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Finance Director and Estates Manager.
- 15.4.4 Whilst each employee and officer has a responsibility for the security of property of the Trust, it is the responsibility of Board members and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the Board

of Directors. Any breach of agreed security practices must be reported in accordance with agreed procedures.

- 15.4.5 Any damage to the Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by Board members and employees in accordance with the procedure for reporting losses.
- 15.4.6 Where practical, assets should be marked as Trust property.
- 15.4.7 In the event of permanent closure of any part of the Trust, or temporary closure which is likely to extend beyond three months, the appropriate manager must certify that the asset register is correct at the time of closure and that any documentation required for the transfer of assets is completed.

16. Stores and Receipt of Goods

16.1 General position

- 16.1.1 Stores, defined in terms of controlled stores and departmental stores (for immediate use) should be:
 - (a) kept to a minimum;
 - (b) subjected to bi-annual stock take;
 - (c) valued at the lower of cost and net realisable value.

16.2 Control of Stores, Stocktaking, condemnations and disposal

- 16.2.1 Subject to the responsibility of the Finance Director for the systems of control, overall responsibility for the control of stores shall be delegated to an employee by the Chief Executive. The day-to-day responsibility may be delegated by him to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the Finance Director. The control of any Pharmaceutical stocks shall be the responsibility of a designated Pharmaceutical Officer; the control of any fuel oil and coal of a designated estates manager.
- 16.2.2 The responsibility for security arrangements and the custody of keys for any stores and locations shall be clearly defined in writing by the designated manager/Pharmaceutical Officer. Wherever practicable, stocks should be marked as health service property.
- 16.2.3 The Finance Director shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.
- 16.2.4 Stocktaking arrangements shall be agreed with the Finance Director and there shall be a physical check covering all items in store at least twice a year.

- 16.2.5 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Finance Director.
- 16.2.6 The designated Manager/Pharmaceutical Officer shall be responsible for a system approved by the Finance Director 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 Finance Director any evidence of significant overstocking and of any negligence or malpractice (see also overlap with SFI No. 17 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.

16.3 Goods supplied by NHS Supply Chain

- 16.3.1 For goods supplied via the NHS Supply Chain central warehouses, the Chief Executive shall identify those authorised to requisition and accept goods from the store. The authorised person shall check receipt against the delivery note before forwarding this to the Finance Director who shall satisfy himself that the goods have been received before accepting the recharge.

17. Disposals and Condemnations, Losses and Special Payments

17.1 Disposals and Condemnations

17.1.1 Procedures

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

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

- 17.1.3 All unserviceable articles shall be:

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

- 17.1.4 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 Finance Director who will take the appropriate action.

17.2 Losses and Special Payments

17.2.1 Procedures

The Finance Director must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments. The Finance Director must also prepare a 'fraud response plan' that sets out the action to be taken both by persons detecting a suspected fraud and those persons responsible for investigating it.

- 17.2.2 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately inform the Chief Executive and the Finance Director, or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Finance Director and/or Chief Executive. Where a criminal offence is suspected, the Finance Director must immediately inform the police if theft or arson is involved. In cases of fraud and corruption, or of anomalies which may indicate fraud or corruption, the Finance Director must inform the relevant Local Counter Fraud Service (LCFS) and Counter Fraud & Security Management Service (CFSMS) regional team in accordance with Secretary of State for Health's Directions.

The Finance Director must notify the CFSMS and the External Auditor of all frauds.

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

- (a) the Board;
- (b) the External Auditor.

- 17.2.4 Within limits specified in the Scheme of Delegation, the Board shall approve the writing-off of losses.

- 17.2.5 The Finance Director shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.

- 17.2.6 For any loss, the Finance Director should consider whether any insurance claim can be made.

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

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

18. Information Technology

18.1 Responsibilities and duties of the Finance Director

- 18.1.1 The Finance Director, who is responsible for the accuracy and security of the computerised financial data of the Trust, shall:
- (a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Trust's data, programs and computer hardware for which he is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998;
 - (b) ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;
 - (c) ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
 - (d) ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as he may consider necessary are being carried out.

18.1.2 The Finance Director 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.

18.1.3 The Data Protection Officer shall publish and maintain a Freedom of Information (FOI) Publication Scheme, which is the responsibility of the Medical Director (as Caldicott Guardian) to maintain. 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.

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

18.2.1 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 Finance Director:

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

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

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

18.4 Risk Assessment

The Finance Director 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.

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

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

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

19. Patient's Property

- 19.1 The Trust has a responsibility to provide safe custody for money and other personal property (hereafter referred to as "property") handed in by patients, in the possession of unconscious or confused patients, or found in the possession of patients dying in hospital or dead on arrival.
- 19.2 The Chief Executive is responsible for ensuring that patients or their guardians, as appropriate, are informed before or at admission by:
- notices and information booklets;
 - hospital admission documentation and property records;
 - the oral advice of administrative and nursing staff responsible for admissions,

that the Trust will not accept responsibility or liability for patients' property brought into Health Service premises, unless it is handed in for safe

custody and a copy of an official patients' property record is obtained as a receipt.

- 19.3 The Finance Director must provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients' property (including instructions on the disposal of the property of deceased patients and of patients transferred to other premises) for all staff whose duty is to administer, in any way, the property of patients. Due care should be exercised in the management of a patient's money in order to maximise the benefits to the patient.
- 19.4 Where Department of Health instructions require the opening of separate accounts for patients' moneys, these shall be opened and operated under arrangements agreed by the Finance Director.
- 19.5 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.
- 19.6 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.
- 19.7 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.

20. Funds Held on trust and other Non- Exchequer Funds

20.1 Corporate Trustee

- 20.1.1 Standing Order No. 2.8 outlines the Trust's responsibilities as a corporate trustee for the management of funds it holds on trust, along with Standing Order No. 4.8.3 that defines the need for compliance with Charities Commission latest guidance and best practice.
- 20.1.2 The discharge of the Trust's corporate trustee responsibilities are distinct from its responsibilities for 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. Trustee responsibilities cover both charitable and non-charitable purposes.
- 20.1.3 The Finance Director shall ensure that each trust fund which the Trust is responsible for managing is managed appropriately with regard to its purpose and to its requirements.

20.2 Accountability to Charity Commission and Secretary of State for Health

20.2.1 The trustee responsibilities must be discharged separately and full recognition given to the Trust's dual accountabilities to the Charity Commission for charitable funds held on trust and to the Secretary of State for all funds held on trust.

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

20.3 Applicability of Standing Financial Instructions to funds held on trust

20.3.1 In so far as it is possible to do so, these sections of Standing Financial Instructions will apply to the management of funds held on trust.

20.3.2 The over-riding principle is that the integrity of each Trust must be maintained and statutory and Trust obligations met. Materiality must be assessed separately from Exchequer activities and funds.

20.4 Trust (Charitable) Funds Committee

20.4.1 The Board of Directors has appointed a Trust (Charitable) Funds Committee as a sub-committee of the Board of Directors.

20.4.2 The Board of Directors hereby nominates the Finance Director to have primary responsibility to the Board of Directors for ensuring that these SFIs are applied in close liaison with the Trust (Charitable) Funds Committee.

20.5 Existing Trust Funds

20.5.1 The Finance Director will arrange for the administration of all existing trusts in conjunction with the Trust (Charitable) Funds Committee. They will ensure that a governing instrument exists for every trust and will produce detailed codes of procedure covering every aspect of the financial management of funds held on trust, for the guidance of directors and employees. Such guidelines will identify the restricted nature of certain funds.

20.5.2 The Trust (Charitable) Funds Committee will periodically review the funds in existence regarding the potential for rationalisation of such funds within statutory guidelines.

20.5.3 The Trust (Charitable) Funds Committee may recommend an increase in the number of funds where this is consistent with this Body's policy for ensuring the safe and appropriate management of restricted funds, e.g., designation for specific wards or departments.

20.6 New Trusts

20.6.1 The Trust (Charitable) Funds Committee will arrange for the creation of a new trust where funds and/or other assets, received in accordance with

this Body's policies, cannot adequately be managed as part of an existing trust.

- 20.6.1 The Finance Director will present the governing document to the Trust (Charitable) Funds Committee for adoption as required in Standing Orders for each new trust. Such document will clearly identify, inter alia, the objects of the new trust, the capacity of this Body to delegate powers to manage and the power to assign the residue of the trust to another fund contingent upon certain conditions, e.g., discharge of original objects.

20.7 Sources of New Funds

20.7.1 In respect of **Donations**, the Finance Director shall:

- (a) provide guidelines to officers of this Body as to how to proceed when offered funds. These to include:
 - (i) the identification of the donors intentions;
 - (ii) where possible the avoidance of new trusts;
 - (iii) the avoidance of impossible, undesirable or administratively difficult objects;
 - (iv) sources of immediate further advice; and
 - (v) treatment of offers for personal gifts; and
- (b) provide secure and appropriate receipting arrangements which will indicate that funds have been accepted directly into this Body's trust funds and that the donor's intentions have been noted and accepted.

20.7.2 In respect of **Legacies and Bequests**, the Finance Director shall:

- (a) provide guidelines to officers of this Body covering any approach regarding:
 - (i) the wording of wills;
 - (ii) the receipt of funds/other assets from executors;
- (b) where necessary, obtain grant of probate, or make application for grant of letters of administration, where this Body is the beneficiary;
- (c) be empowered, on behalf of this Body, to negotiate arrangements regarding the administration of a will with executors and to discharge them from their duty; and
- (d) be directly responsible, in conjunction with the Trust (Charitable) Funds Committee, for the appropriate treatment of all legacies and bequests.

20.7.3 In respect of **Fund-raising**, the Finance Director will:

- (a) after consultation with the Trust (Charitable) Funds Committee, deal with all arrangements for fund-raising and/or on behalf of this

Body and ensure compliance with all statutes and regulations;

- (b) be empowered to liaise with other organisations/persons raising funds for this Body and provide them with an adequate discharge. The Finance Director will be the only officer empowered to give approval for such fund-raising subject to the overriding direction of the Board of Directors;
- (c) be responsible, along with the Trust (Charitable) Funds Committee, for alerting the Board of Directors to any irregularities regarding the use of this Body's name or its registration numbers; and
- (d) be responsible, after due consultation with the Trust (Charitable) Funds Committee, for the appropriate treatment of all funds received from this source.

20.7.4 In respect of **Trading Income**, the Finance Director will be responsible for the appropriate treatment of all dividends, interest and other receipts from this source (see below).

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

20.8 **Investment Management**

20.8.1 The Trust (Charitable) Funds Committee will be responsible for all aspects of the management of the investment of funds held on trust. The issues on which the Committee will be required to provide advice to the Board of Directors include:-

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

writing and charges raised within policy guidelines;

- (f) the review of the performance of brokers and fund managers;
- (g) the reporting of investment performance.

20.9 Disposition Management

29.9.1 The exercise of this Body's disposition discretion will be managed by the Chief Executive in conjunction with Trust (Charitable) Funds Committee and the Board of Directors. In so doing he must be aware of the following:

- (a) the objects of various funds and the designated objectives;
- (b) the availability of liquid funds within each trust;
- (c) the powers of delegation available to commit resources;
- (d) the avoidance of the use of exchequer funds to discharge trust fund liabilities (except where administratively unavoidable), and to ensure that any indebtedness to the Exchequer will be discharged by Trust (Charitable) Funds at the earliest possible time;
- (e) that funds are to be spent rather than preserved, subject to the wishes of the donor and the needs of this Body; and
- (f) the definitions of "charitable purposes" as agreed by the Department of Health with the Charity Commission.

20.10 Banking Services

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

20.11 Asset Management

20.11.1 Assets in the ownership of or used by this Body as corporate trustee, shall be maintained along with the general estate and inventory of assets of the Body. The Finance Director shall ensure:

- (a) in conjunction with the Trust (Charitable) Funds Committee, that appropriate records of all assets owned by this Body as corporate trustee are maintained, and that all assets, at agreed valuations, are brought to account;
- (b) that appropriate measures are taken to protect and/or to replace assets. These to include decisions regarding insurance, inventory control, and the reporting of losses;

- (c) that donated assets received on trust rather than into the ownership of the Secretary of State shall be accounted for appropriately;
- (d) that all assets acquired from funds held on trust which are intended to be retained within the Trust (Charitable) Funds are appropriately accounted for, and that all other assets so acquired are brought to account in the name of the Secretary of State.

20.12 Reporting

- 20.12.1 The Finance Director will ensure that regular reports are made to the Trust (Charitable) Funds Committee with regard to, inter alia, the receipt of funds, investments, and the disposition of resources.
- 20.12.2 The Finance Director will prepare annual accounts in the required manner which shall be submitted to the Trust (Charitable) Funds Committee and the Board of Directors within agreed timescales.
- 20.12.3 The Finance Director, in conjunction with the Trust (Charitable) Funds Committee, will prepare an annual trustees' report (separate reports for charitable and non-charitable trusts) and the required returns to the Department of Health and to the Charity Commission for adoption by the Board of Directors.

20.13 Accounting and Audit

- 20.13.1 The Finance Director will maintain all financial records to enable the production of reports as above and to the satisfaction of internal and external audit.
- 20.13.2 The Finance Director will ensure that the records, accounts and returns receive adequate scrutiny by internal audit during the year. He will liaise with external audit and provide them with all necessary information.
- 20.13.3 The Trust (Charitable) Funds Committee and the Board of Directors will be advised by the Finance Director on the outcome of the annual audit. The Chief Executive will submit the Management Letter to the Board of Directors.

20.14 Administration Costs

- 20.14.1 The Finance Director will identify all costs directly incurred in the administration of funds held on trust and, in agreement with the Trust (Charitable) Funds Committee, shall charge such costs to the appropriate trust accounts.

20.15 Taxation and Excise Duty

- 20.15.1 The Finance Director will ensure that this Body's liability to taxation and excise duty is managed appropriately, taking full advantage of available

concessions, through the maintenance of appropriate records, the preparation and submission of the required returns and the recovery of deductions at source.

20.16 Lodged Funds

20.16.1 No Lodged Funds should be held by the Trust.

20.17 Newcastle Healthcare Charity

20.17.1 The Finance Director must ensure that an agreement is in place with the Section 11 Trustees regarding the provision of Financial Services. That agreement will be applied in conjunction with all other items included in Standing Financial Instructions.

21. Acceptance of Gifts by Staff and Link to Standards of Business Conduct (see overlap with SO No 6)

The Finance Director shall ensure that all staff are made aware of the Trust policy on acceptance of gifts and other benefits in kind by staff. This policy follows the guidance contained in the Department of Health circular HSG (93) 5 'Standards of Business Conduct for NHS Staff' and the Trust policy "Standards of Business conduct" and is also deemed to be an integral part of these Standing Orders and Standing Financial Instructions (see overlap with SO No. 6).

22. Clinical Negligence

22.1 The Chief Executive will designate an officer of the Trust whose responsibility is to co-ordinate the collating of all documentation relevant to any potential clinical negligence claims.

22.2 A solicitor will be appointed by the officer to ensure that the Trust has legal representation. The officer will periodically report to the Board of Directors or its designated Sub Committee on the current situation relating to all outstanding and potential claims.

22.3 The Finance Director will be responsible for assessing the financial costs of all such claims including any legal fees payable.

22.4 The Chief Executive will draw up procedures for the settlement of all litigation claims indicating delegated authority and financial limits.

23. Retention of Records

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

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

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

24. Risk Management and Insurance

24.1 Programme of Risk Management

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

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, including effective business continuity measures;
- e) audit arrangements including; Internal Audit, clinical audit, health and safety review;
- f) a clear indication of which risks shall be insured;
- g) arrangements to review the Risk Management programme.

The existence, integration and evaluation of the above elements will assist in providing a basis to make a Statement on the effectiveness of Internal Control (SIC) within the Annual Report and Accounts as required by current Monitor guidance.

24.2 Insurance: Risk Pooling Schemes administered by NHSLA

The Board of Directors shall decide if the Trust will insure through the risk pooling schemes administered by the NHS Litigation Authority or self insure for some or all of the risks covered by the risk pooling schemes. If the Board of Directors 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.

24.3 Insurance arrangements with commercial insurers

There is a general prohibition on entering into insurance arrangements with commercial insurers. There are, however, **three exceptions** when Trust's may enter into insurance arrangements with commercial insurers. The exceptions are:

- (1) Trust's may enter commercial arrangements for **insuring motor vehicles** owned by the Trust including insuring third party liability arising from their use;
- (2) 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
- (3) where **income generation activities** take place. Income generation activities should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by the Trust for a NHS purpose the activity may be covered in the risk pool. Confirmation of coverage in the risk pool must be obtained from the Litigation Authority. In any case of doubt concerning a Trust's powers to enter into commercial insurance arrangements the Finance Director should consult Monitor.

24.4 Arrangements to be followed by the Board of Directors in agreeing Insurance cover

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

THE NEWCASTLE UPON TYNE HOSPITALS NHS FOUNDATION TRUST
IMPACT ASSESSMENT – SCREENING FORM A

This form must be completed and attached to any procedural document when submitted to the appropriate committee for consideration and approval.

Policy Title:	Standing Financial Instructions	Policy Author:	Steven reed
		Yes/No?	You must provide evidence to support your response:
1.	Does the policy/guidance affect one group less or more favourably than another on the basis of the following: (* denotes protected characteristics under the Equality Act 2010)	No	This guideline is equally applicable to all with no discrimination between age, gender, race or sexual orientation.
	• Race *	No	
	• Ethnic origins (including gypsies and travellers)	No	
	• Nationality	No	
	• Gender *	No	
	• Culture	No	
	• Religion or belief *	No	
	• Sexual orientation including lesbian, gay and bisexual people *	No	
	• Age *	No	
	• Disability – learning difficulties, physical disability, sensory impairment and mental health problems *	No	
	• Gender reassignment *	No	
	• Marriage and civil partnership *	No	
2.	Is there any evidence that some groups are affected differently?	No	
3.	If you have identified potential discrimination which can include associative discrimination i.e. direct discrimination against someone because they associate with another person who possesses a protected characteristic, are any exceptions valid, legal and/or justifiable?	No	
4(a).	Is the impact of the policy/guidance likely to be negative? (If “yes”, please answer sections 4(b) to 4(d)).	No	
4(b).	If so can the impact be avoided?	No	
4(c).	What alternatives are there to achieving the policy/guidance without the impact?	No	
4(d)	Can we reduce the impact by taking different action?	No	

Comments:	Action Plan due (or Not Applicable):
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Name and Designation of Person responsible for completion of this form: Steven Reed

Date: 02nd February 2011

Names & Designations of those involved in the impact assessment screening process: Trust Secretary

(If any reader of this procedural document identifies a potential discriminatory impact that has not been identified on this form, please refer to the Policy Author identified above, together with any suggestions for the actions required to avoid/reduce this impact.)

For advice on answering the above questions please contact Frances Blackburn, Head of Nursing, Freeman/Walkergate, or, Christine Holland, Senior HR Manager. On completion this form must be forwarded electronically to Steven Stoker, Clinical Effectiveness Manager, (Ext. 24963) steven.stoker@nuth.nhs.uk together with the procedural document. If you have identified a potential discriminatory impact of this procedural document, please ensure that you arrange for a full consultation, with relevant stakeholders, to complete a Full Impact Assessment (Form B) and to develop an Action Plan to avoid/reduce this impact; both Form B and the Action Plan should also be sent electronically to Steven Stoker within six weeks of the completion of this form.