

Corporate Policy – Standing Financial Instructions

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Corporate Policy – Standing Financial Instructions

Document Control / History	
Revision No	Reason for change
1	Annual SFIs review and update
2	Add Instructions for in year SFI amendments
3	Amend Tender receipt process
3	<p>Make Scheme of Delegation changes to</p> <ul style="list-style-type: none"> • Reflect revised Executive Team structure and grouping of roles. • Recognise differential limits for PO/Stock v Non PO expenditure limits. • Reflect contract authorisation limits. • Increase limits across the board to: <ul style="list-style-type: none"> ○ Empower staff who are accountable for financial control in their area. ○ Improve payment performance.

Consultation
Deputy Director of Finance
Associate Director of Procurement

Corporate Policy – Standing Financial Instructions

Director of Estates and Facilities

Director of IT

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To be read in conjunction with any policies and Standing Operating Procedures listed in Trust Associated Documents.

1 Introduction

1.1 General

- 1.1.1 Medway NHS Foundation Trust (the “Trust”) became a Public Benefit Corporation on 1st April 2008 following authorisation by the Independent Regulator pursuant to the 2006 Act.
- 1.1.2 These Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Matters reserved to The Board and the Scheme of Delegation approved by The Board of Directors.
- 1.1.3 These Standing Financial Instructions identify the financial responsibilities, which apply to everyone working for the Trust and its constituent organisations including Trading Units. The financial responsibilities also apply to service organisations providing financial services on behalf of the Trust. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. The Director of Finance (DoF) must approve all financial procedures.
- 1.1.4 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Director of Finance must be sought before acting.
- 1.1.5 **Failure to comply with Standing Financial Instructions can be regarded as a disciplinary matter that could result in dismissal.**
- 1.1.6 All members of The Board and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Director of Finance as soon as possible.
- 1.1.7 Overriding of Standing Financial Instructions – If for any reason these Standing Financial Instructions are not complied with, full details of the non-compliance including justification and circumstances around which non-compliance arose shall be reported to the next formal meeting of the Integrated Audit Committee for referring action or ratification.

Amendments to Standing Financial Instructions outside of the annual review process should be requested using SFIA1 form available on the Intranet. Amendments will be considered and either approved or rejected by The Board.

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1.2 Terminology

- 1.2.1 Any expression, to which a meaning is given in Acts of Parliament, or in the Financial Directions made under such Acts, shall have the same meaning in these instructions.
- (a) “Trust” means Medway NHS Foundation Trust.
 - (b) “Board of Directors” means The Board of Directors as constituted in accordance with the constitution of the Trust.
 - (c) “Assembly of Governors” means the Assembly of Governors as constituted in accordance with the constitution of the Trust.
 - (d) “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.
 - (e) “Budget Holder/Manager” means the director or employee with delegated authority to manage finances (Income and Expenditure, or capital where applicable) for a specific area of the organisation.
 - (f) The “Chief Executive” (CE) and “Accounting Officer” means the Chief Executive Officer of the Trust.
 - (g) “Director of Finance” (DoF) means the Chief Financial Officer (CFO) of the Trust.
 - (h) “Legal Adviser” means the properly qualified person appointed by the Trust to provide legal advice.
 - (i) “NHS Improvement” means the sector regulator for health service providers in England.
 - (j) “The Chair” is the Chair of the Trust.
 - (k) “The Medway Hospital Charity” shall mean those funds which the Trust holds at its date of Authorisation, receives on distribution by statutory instrument or chooses subsequently to accept under powers derived under S.47(2)(c) of the NHS Act 2006, as amended.
 - (l) ‘Virements’ means an administrative transfer of funds from one part of a budget to another.

1.3 Responsibilities and Delegation

- 1.3.1 **The Board** exercises financial supervision and control by:

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- (a) Formulating the financial strategy;
 - (b) Requiring the submission and approval of budgets within approved allocations/overall income;
 - (c) Defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money);
 - (d) Defining specific responsibilities placed on directors and employees as indicated in the Scheme of Delegation (SD); and
 - (e) Ensuring that the duties of the Chief Executive as Accounting Officer are performed.
- 1.3.2 **The Board** has resolved that certain powers and decisions may only be exercised by The Board in formal sessions. These are set out in the 'Schedule of Matters Reserved for The Board' document. All other powers have been delegated to such other committees as the Trust has established.
- 1.3.3 **The Board** will delegate responsibility for the performance of its functions in accordance with its constitution, the SOs and the Scheme of Delegation adopted by the Trust. The extent of the delegation shall be kept under review by The Board.
- 1.3.4 Within the SFIs it is acknowledged that the Chief Executive is accountable to The Board, and to Parliament as Accounting Officer.
- 1.3.5 The Chief Executive Officer is the Accounting Officer of the Trust and as such has the following principal responsibilities:
- (a) To ensure there is a high standard of financial management within the Trust;
 - (b) To ensure financial systems and procedures promote the efficient and economical conduct of business and safeguard financial propriety and regularity throughout the Trust; and
 - (c) To ensure financial considerations are fully taken into account in decisions on Trust policy proposals.
- 1.3.6 The Chief Executive and Director of Finance will, as far as possible, delegate their detailed responsibilities but they remain accountable for financial control.
- 1.3.7 It is a duty of the Chief Executive to ensure that existing directors and employees and all new appointees are notified of and understand their responsibilities within these Instructions.
- 1.3.8 The Director of Finance is responsible for:

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- (a) Implementing the Trust's financial policies and for co-ordinating any corrective action necessary to further these policies;
 - (b) Maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions; and
 - (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.
- 1.3.9 Without prejudice to any other functions of directors and employees to the Trust, the duties of the Director of Finance include:
- (a) The provision of financial advice to other members of The Board of Directors, the Assembly of Governors and Trust employees;
 - (b) The design, implementation and supervision of systems of financial control to provide reasonable assurance as to the probity and regularity of transactions;
 - (c) 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; and
 - (d) Deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption.
- 1.3.10 All directors and employees, severally and collectively, are responsible for:
- (a) The security of Trust property;
 - (b) Avoiding loss;
 - (c) Exercising economy and efficiency in the use of resources; and
 - (d) Conforming to the requirements of the Constitution, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation.
- 1.3.11 For any and all directors and employees who carry out a financial function, the form in which financial records are kept and the manner in which directors and employees discharge their duties must be to the satisfaction of the Director of Finance.
- 1.3.12 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

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covered by these instructions. It is the responsibility of the Chief Executive to ensure that such persons are made aware of their duties under these SFIs.

2 Audit

2.1 Integrated Audit Committee

- 2.1.1 In accordance with the Constitution of the Trust, The Board of Directors shall formally establish an Audit Committee, with clearly defined and approved terms of reference which includes approving the appointment of the internal auditors. This Committee will, amongst other things:
- (a) Provide an independent and objective view of integrated governance, risk management and internal control systems across the whole of the Trust's activities (both clinical and non-clinical);
 - (b) Monitor and review the effectiveness of Internal and External Audit services;
 - (c) Review financial and information systems and monitor the integrity and quality of the financial statements and review significant financial reporting judgments;
 - (d) Ratify schedules of losses, compensations, and settlements with staff, as approved through sub-committee; review and monitor the effectiveness of the Local Counter Fraud Service; and
 - (e) Review the arrangements in place to support The Board Assurance Framework process prepared on behalf of The Board and advising The Board accordingly.
- 2.1.2 Where the Integrated Audit Committee feels there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wish to raise, the Chair of the Integrated Audit Committee should immediately inform the Chief Executive and raise the matter at the next meeting of The Board. Exceptionally, the matter may need to be referred to NHS Improvement after seeking the advice of Chair/Company Secretary/DoF.
- 2.1.3 It is the responsibility of the Director of Finance to ensure an adequate internal audit service is provided and the Integrated Audit Committee shall be involved in the selection process when an internal audit service provider is changed. It must ensure a cost-effective service is provided, in compliance with the contracting procedures herein.

2.2 Countering Fraud, Bribery and Corruption

- 2.2.1 The Board recognises that fraud and bribery is a hugely damaging practice that undermines competition and the reputation of public and private bodies involved.

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It is The Board's policy to act with integrity, and bribery and corruption will not be tolerated in any form.

2.2.2 An Anti-Fraud and Bribery Policy is in place that sets out procedures designed to prevent everyone associated with the Trust from undertaking acts of fraud, bribery or corruption.

2.2.3 **'Fraud'** - any person who dishonestly makes a false representation to make a gain for himself or another or dishonestly fails to disclose to another person, information which he is under a legal duty to disclose, or commits fraud by abuse of position, including any offence as defined in the Fraud Act 2006.

2.2.4 **'Bribery'** - Inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages.

This can be broadly defined as the offering or acceptance of inducements, gifts, favours, payment or benefit-in-kind which may influence the action of any person. Bribery does not always result in a loss. The corrupt person may not benefit directly from their deeds; however, they may be unreasonably using their position to give some advantage to another.

It is the criminal offence of bribery to bribe the holder of a public office and it is similarly an offence for the office holder to accept a bribe.

2.2.5 In line with their responsibilities, the Trust Chief Executive and Director of Finance shall monitor and ensure compliance with the NHS Standards for Providers on Fraud, Bribery and Corruption issued by the NHS Counter Fraud Authority (NHSCFA).

2.2.6 The Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist as specified by the NHS Standards for Providers on fraud, bribery and corruption. The Director of Finance is responsible for ensuring that the Police are notified at an appropriate stage in any investigation. This shall be following advice from the NHS Counter Fraud Authority.

2.2.7 If any employee suspects or discovers any act of fraud or bribery, they must inform the Local Counter Fraud Specialist or the Director of Finance immediately. Employees can also call the NHS Fraud and Corruption Reporting Line on Freephone 0800 028 40 60 or fill in an online form at www.reportnhsfraud.nhs.uk.

2.2.8 The Local Counter Fraud Specialist shall report to the Trust Director of Finance and shall work with staff in the NHS Counter Fraud Authority in accordance with the NHS Standards for Providers and NHS Anti-Fraud Manual.

2.2.9 The Local Counter Fraud Specialist will provide a written report to the Integrated Audit Committee, as required by the Committee, on counter fraud work within the Trust.

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- 2.2.10 The Trust will ensure that policies and procedures for all work related to fraud are implemented. The Trust will consider the major findings of investigations and respond accordingly.
- 2.2.11 The Trust will enable the Local Counter Fraud Specialist to attend the Integrated Audit Committee meetings. The Trust shall receive Local Counter Fraud Specialist reports at these meetings.
- 2.2.12 All conflicts of interest, gifts and hospitality should be reported in accordance with Trust procedures, all incidences that do not comply will be reported to the Trust Counter Fraud Specialist.

2.3 Director of Finance responsibilities with regard to audit

2.3.1 The Director of Finance 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 internal audit function.
- (b) Ensuring that the internal audit is adequate and meets the NHS mandatory audit standards.
- (c) In conjunction with the Local Counter Fraud Specialist (LCFS), Local Security Management Specialist (LSMS) and/or the NHS Counter Fraud Authority, as appropriate, deciding at what stage to involve the Police in cases of misappropriation and other irregularities.
- (d) Ensuring that an annual internal audit report is prepared for the consideration of the Integrated Audit Committee and The Board in line with relevant guidance. The report must cover:
 - (ii) A clear opinion on the effectiveness of internal control in accordance with current and relevant assurance framework guidance issued;
 - (iii) Major internal financial control weaknesses discovered;
 - (iv) Progress on the implementation of internal audit recommendations;
 - (v) Progress against plan over the previous year;
 - (vi) Strategic audit plan covering the coming three years; and
 - (vii) A detailed plan for the coming year.

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

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

2.4 Role of Internal Audit

2.4.1 Internal Audit, as an independent and objective appraisal service commissioned by the Trust, 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 provide assurance on the Assurance Statements.

2.4.2 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 Director of Finance must be notified immediately.

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- 2.4.4 The Head of Internal Audit will normally attend Integrated Audit Committee meetings and has a right of access to all Integrated Audit Committee members, the Chairman, Chief Executive, and all non-executive directors of the Trust.
- 2.4.5 The Head of Internal Audit shall be accountable to the Chairman of the Integrated Audit Committee. The reporting system for internal audit shall be agreed between the Director of Finance, the Integrated 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.

2.5 External Audit

- 2.5.1 The external auditor is appointed and removed by the Council of Governors at a general meeting of the Council of Governors in accordance with the appointment process set out in the Audit Code for NHS Foundation Trusts as issued by the Independent Regulator from time to time.
- 2.5.2 The Trust must ensure that the external auditor appointed by the Council of Governors meets the criteria included by the Independent Regulator within the Audit Code for NHS Foundation Trusts at the date of appointment, and on an on-going basis throughout the term of their appointment.
- 2.5.3 The Trust will provide the external auditor with every facility and all information which he may require for the purposes of his functions under the 2006 Act.

2.6 Security Management

- 2.6.1 In line with their responsibilities, the Chief Executive will monitor and ensure compliance with directions issued by the Secretary of State for Health on NHS security management.
- 2.6.2 The Trust shall nominate a suitable person to carry out the duties of the LSMS.
- 2.6.3 The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the Director of Estates and Facilities as the Security Management Director (SMD) and the appointed LSMS.
- 2.6.4 The Chief Executive and the Executive Director with designated responsibility for Security Management matters will ensure that the Local Security Management Specialist:
- (a) Keeps full and accurate records of any breaches, or suspected breaches, of security;
 - (b) Reports to the Integrated Audit Committee, any weaknesses in security-related systems or any other matters which may have implications for security management for the Trust;

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- (c) Has all necessary support to enable them to efficiently, effectively and promptly carry out their functions and responsibilities, including working conditions of sufficient security and privacy to protect the confidentiality of the work;
- (d) Receives appropriate training and support, and
- (e) Participates in activities which NHS Improvement directs, relating to national security management measures

3 Business Planning, Budgets, Budgetary Control and Monitoring

3.1 Preparation and Approval of Business Plans and Budgets

- 3.1.1 The Chief Executive will compile and submit to The Board an operational plan, a strategic plan, and an annual revenue and capital operating plan, together forming the Trust's Business Plan which will take into account financial targets, forecast limits of available resources and clinical governance requirements. The Business Plan will be developed in line with guidance issued by NHS Improvement and will contain:
- (a) The key objectives of the Trust;
 - (b) A statement of the significant assumptions on which the plan is based;
 - (c) Details of major changes in clinical activity, delivery of services or resources required to achieve the plan, including any impact on the Trust's continuity of services risk rating;
 - (d) An annual revenue plan which the Director of Finance shall prepare. This shall detail expected income by main purchaser and the main expenditure headings; and
 - (e) An annual capital plan which should:
 - (ii) Identify all sources of funding, including charitable, for both capital and revenue,
 - (iii) The allocation of this funding to major capital schemes, rolling replacement and individual schemes and budgets where appropriate.
- 3.1.2 Prior to the start of each new financial year the Director of Finance will, on behalf of the Chief Executive, prepare and submit budgets for approval by The Board.

Such budgets will:

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- (a) Be in accordance with the aims and objectives set out in the annual Business Plan;
- (b) In line with activity and workforce plans;
- (c) Be produced following discussion with appropriate budget holders;
- (d) Be prepared within the limits of available funds; and
- (e) Identify potential risks;

3.1.3 The Board shall monitor performance against the budget and the business plan.

3.1.4 All budget holders must provide information as required by the Director of Finance to enable budgets to be compiled. All budget holders must sign up to their allocated budgets before the commencement of each financial year.

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

3.2 Budgetary Delegation

3.2.1 The Chief Executive 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 of each budget heading;
- (c) Individual and group responsibilities;
- (d) Authorities to exercise virement;
- (e) Achievement of planned levels of service; and
- (f) Provision of regular reports.

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

3.2.3 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.

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3.2.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the Director of Finance.

3.3 Budgetary Control and Reporting

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

- (a) Monthly financial reports to The Board in an approved form containing:
 - (ii) Income and expenditure to date showing trends and forecast year-end position;
 - (iii) Performance on cash, accounts receivable, capital expenditure against plan, and accounts payable payment performance;
 - (iv) A statement of financial position and investment information;
 - (v) Actual and forecast financial risk ratings as required by NHS Improvement's Risk Assessment Framework;
 - (vi) Capital project spend and projected out-turn against plan;
 - (vii) Explanations of any material variances from plan;
 - (viii) Details of any corrective action where necessary and the Chief Executive's and/or Director of Finance's view of whether such actions are sufficient to correct the situation; and
 - (ix) Identify potential risks.
- (b) The issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible.
- (c) Investigation and reporting of variances from financial, activity and manpower budgets.
- (d) Monitoring of management action to correct variances.
- (e) Arrangements for the authorisation of budget transfers within the limits set out in the scheme of delegation.

3.3.2 Each budget holder is responsible for ensuring that:

- (a) They deliver their budgets as agreed in the Business Plan;

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- (b) Any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of The Board;
- (c) The amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement;
- (d) Employees are not appointed without the approval of the Chief Executive or delegated officer other than those provided for in the budgeted establishment as approved by The Board, and that all recruitment is approved through the Trust's vacancy control process; and
- (e) Cost improvements, cost savings and income generation initiatives are identified and implemented.

3.4 Capital Expenditure

- 3.4.1 The general rules applying to delegation and reporting shall also apply to capital expenditure (The particular applications relating to capital are contained in Section 11).

3.5 Monitoring Returns

- 3.5.1 The Chief Executive is responsible for ensuring that appropriate systems are in place in order for the Trust to meet its licence conditions and any other compliance requirements as issued by NHS Improvement, any other legal or other mandated obligations and any contractual obligations of the Trust.
- 3.5.2 The Chief Executive, or delegated officer, shall ensure appropriate information is submitted to The Board of Directors, in a format agreed by The Board of Directors, to enable The Board to monitor compliance against its obligations and to enable The Board to certify that appropriate and adequate performance management systems are, and will remain in place to meet its obligations.

4 Annual Accounts and Reports

4.1 Annual Financial Accounts

- 4.1.1 The Chief Executive, Accounting Officer is responsible for the preparation and submission of annual accounts in respect of each financial year in such form as NHS Improvement may require. The annual accounts are approved prior to submission to NHS Improvement by those deemed by The Board to be 'charged with governance'
- 4.1.2 The Director of Finance, on behalf of the Trust, will:

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- (a) Prepare financial returns in accordance with the accounting policies and guidance given by NHS Improvement, the Trust's accounting policies, and International Financial Reporting Standards; and
- (b) Submit financial returns to Parliament and NHS Improvement for each financial year in accordance with the timetable prescribed by NHS Improvement.

4.2 Annual Quality Accounts and Report

- 4.2.1 The Chief Executive, as Accounting Officer, shall ensure that the Trust prepares, in respect of each financial year, annual quality accounts and report in such form as NHS Improvement, and the Department of Health and Social Care direct.
- 4.2.2 In preparing its annual quality accounts and report, the Trust shall comply with any directions given by NHS Improvement and the Department of Health and Social Care as to the presentation and content to be included.

4.3 Annual Report

- 4.3.1 The Trust will publish an annual report, in accordance with guidelines issued by NHS Improvement and present it to a public general meeting of the Assembly of Governors.

4.4 General

- 4.4.1 The Chief Executive shall ensure that the Annual Accounts, the Annual Quality Accounts and Report, the Annual Report and any report of the Auditor are submitted to The Board of Directors for its adoption and thereafter, together with any report of the Auditor on these are laid before Parliament and submitted to NHS Improvement on dates prescribed by NHS Improvement and, in respect of Quality Accounts, the Department of Health and Social Care.
- 4.4.2 The Board of Directors will present the adopted Annual Accounts and Reports, and shall arrange for the Auditor to present his/her report on said statements to a general meeting of the Assembly of Governors by no later than 30th September of the financial year end to which the accounts and report relate.
- 4.4.3 The Company Secretary shall ensure that the Annual Accounts and Reports are made available to the membership of the Trust and to the wider public

4.5 Annual Plans

- 4.5.1 The Chief Executive shall ensure that the Trust prepares an annual plan for each financial year, the form and minimum contents of which are to be consistent with those prescribed by NHS Improvement.

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- 4.5.2 In preparing the Annual Plan, The Board of Directors shall have regard to the views of the Assembly of Governors.
- 4.5.3 The Board of Directors shall submit the Annual Plan together with its agreed self-certification statements of compliance as required by NHS Improvement, to NHS Improvement at a time specified by NHS Improvement.

5 Bank and Government Banking Service (GBS) Accounts

5.1 General

- 5.1.1 The Director of Finance is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of accounts. This advice will take into account guidance and directions issued from time to time by NHS Improvement and or The Department of Health and Social Care.
- 5.1.2 The Board shall approve the banking arrangements.

5.2 Commercial Bank and GBS Accounts

- 5.2.1 The Director of Finance is responsible for:
- (a) Commercial bank accounts and GBS accounts;
 - (b) Establishing separate bank accounts for the Trust's non-exchequer funds;
 - (c) Reporting to The Board all arrangements made with the Trust's bankers for accounts to be overdrawn;
 - (d) Ensuring payments made from bank or Government Banking Service accounts do not exceed the amount credited to the account except where arrangements have been made.

5.3 Banking Procedures

- 5.3.1 The Director of Finance will prepare detailed instructions on the operation of bank and GBS accounts which must include:
- (a) The conditions under which each bank and GBS account is to be operated.
 - (b) Those authorised to sign cheques or other orders drawn on the Trust's accounts;
 - (c) Those authorised to use any credit facility i.e. credit cards associated with Trust accounts.
 - (d) The limit to apply to any overdraft

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- 5.3.2 The Director of Finance must advise the Trust's bankers in writing of the conditions under which each account will be operated.
- (a) The names of all officers and directors authorised to release money from and draw cheques on and payable orders on, each bank account of the Trust and shall notify promptly the cancellation of any such authorisation
 - (b) Cheques drawn on a named payee over the value of £25,000 shall require two authorised signatories
- 5.3.3 All cheques are to be treated as Controlled Stationery, in the charge of the Director of Finance or designated officer controlling their issue
- 5.3.4 All funds shall be held in accounts in the name of the Trust. No officer other than the Director of Finance shall open any bank account in the name of the Trust or relating to the activities of the Trust. The Director of finance will inform The Board at the earliest opportunity of details of such accounts.
- 5.3.5 No officer or Director may open a bank account bearing a name or description that includes the name or description of any of the Trust's hospitals, wards or departments, or in any way that may indicate the bank account is an official account of the Trust.
- 5.3.6 If any bank accounts or funds held are discovered they will be immediately ceased by The Trust and reported to the Trust Counter Fraud Specialist.

5.4 Tendering and Review

- 5.4.1 The Board 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 banking business.
- 5.4.2 Competitive tenders should be sought at least every five years. The results of the tendering exercise should be reported to The Board.

5.5 Public Dividend Capital

- 5.5.1 The amount that was the Public Dividend Capital (PDC) immediately prior to becoming an NHS Foundation Trust continues as the PDC of the Trust.
- 5.5.2 The dividend paid by the Trust is to be the same as that payable by NHS Trusts in England in pursuance of section 9(7) of the 1990 Act (dividend on public dividend capital) and must be authorised by the Director of Finance.
- 5.5.3 Any amount paid to the Secretary of State by the Trust by way of repayment of public dividend capital is to be paid into the Consolidated Fund.

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5.6 External Borrowing

- 5.6.1 The Director of Finance will advise The Board concerning the Trust's ability to pay interest on, and repay, both the originating capital debt and any proposed new borrowing.
- 5.6.2 The Director of Finance is also responsible for reporting periodically to The Board concerning the originating debt and all loans and overdrafts.
- 5.6.3 The Board will agree the list of employees (including specimens of their signatures) who are authorised to make short term borrowings on behalf of the Trust. This must include the Chief Executive and the Director of Finance.
- 5.6.4 Any short-term borrowing and leases must be with the authority of two members of an authorised panel, one of which must be the Chief Executive or the Director of Finance. The Board must be made aware of all short term borrowings at the next Board meeting.
- 5.6.5 All short term borrowings should be kept to the minimum period of time possible, consistent with the overall cash flow position.
- 5.6.6 All long-term borrowing including leases must be consistent with the plans outlined in the current Business Plan.
- 5.6.7 The Trust also has freedom to access short-term working capital facilities, subject to an overall limit agreed with NHS Improvement. All such short term borrowings should be kept to the minimum period of time possible, consistent with the overall cash flow position.

5.7 Investments

- 5.7.1 The Trust will comply with any relevant guidance and best practice advice issued by NHS Improvement regarding the management of cash surpluses and the making of investments including for the avoidance of doubt, Managing Operating Cash in NHS Foundation Trusts and Risk Evaluation for Investment Decisions by NHS Foundation Trusts.
- 5.7.2 The Director of Finance is responsible for advising The Board on investments and shall report periodically to The Board concerning the performance of investments held.
- 5.7.3 An Investment policy will be formulated by the Director of Finance in conjunction with Investment Committee and approved by The Board of Directors. The Director of Finance will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

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6 Income and Security of Cash and Cheques and Other Negotiable Instruments

6.1 Income Systems

- 6.1.1 The Director of Finance is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due.
- 6.1.2 The Director of Finance is also responsible for the prompt banking of all monies received.
- 6.1.3 Invoicing outside of the systems set up by The Director of Finance will be reported to Trust Counter Fraud.

6.2 Fees and Charges

- 6.2.1 The Trust shall follow the relevant guidance in setting prices for services or the equivalent regime for Foundation Trusts.
- 6.2.2 The Director of Finance is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the NHS 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 DH's "Commercial Sponsorship – Ethical standards in the NHS" shall be followed.
- 6.2.3 All employees must inform the Director of Finance promptly of money due arising from transactions which they initiate and/or deal with, including all contracts, leases, tenancy agreements, research income, private patient undertakings and other transactions.
- 6.2.4 Approval to enter into Non-NHS contracts may be delegated in accordance with the scheme of delegation.

6.3 Debt Recovery

- 6.3.1 The Director of Finance is responsible for the appropriate recovery action on all outstanding debts.
- 6.3.2 Overpayments should be detected (or preferably prevented) and recovery initiated.
- 6.3.3 The Director of Finance shall establish procedures for the write off of debts after all reasonable steps have been taken to secure payment.
- 6.3.4 Income not received should be dealt with in accordance with the losses procedures.

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6.4 Security of Cash, Cheques and Other Negotiable Instruments

- 6.4.1 The Director of Finance shall be 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) Ensuring arrangements are in place for the ordering and secure control and storage of any such stationery;
 - (c) The provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines; and
 - (d) Prescribing systems and procedures for handling cash, cheques and negotiable securities on behalf of the Trust.
- 6.4.2 Money owned by the Trust and kept at any of its premises shall not under any circumstances be used for the encashment of private cheques or “IOUs”.
- 6.4.3 All cheques, postal orders, cash, etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Director of Finance.
- 6.4.4 The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Trust is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Trust from responsibility for any loss.

6.5 Money Laundering Regulations

- 6.5.1 Under no circumstances will the Trust accept cash payments in excess of 10, 000 Euros (converted to sterling at the prevailing rate at the time) in respect of any single transaction. Any attempts by an individual officer to effect payment above this amount shall be notified immediately to the Director of Finance.

7 Tendering and Contracting Procedures

7.1 Duty to comply with Standing Orders and Standing Financial Instructions

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

7.2 EU Directives Governing Public Procurement

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7.2.1 Directives by the Council of the European Union prescribing procedures for awarding all forms of contracts shall have effect as if incorporated in these Standing Orders and Standing Financial Instructions.

7.3 Reverse eAuctions

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

7.4 Capital Investment Guidance

7.4.1 The Trust shall consider the guidance “Risk Evaluation for Investment Decisions by NHS Foundation Trusts” and such other guidance as may be issued by the Independent Regulator from time to time in respect of capital investment and estate and property transactions.

7.5 Formal Competitive Tendering

7.5.1 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

7.5.2 Health Care Services

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

7.5.3 Exceptions and instances where formal tendering need not be applied

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

- (a) The estimated expenditure or income does not, or is not reasonably expected during the total period of the contract to exceed £ 24,999;

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- (b) Where the supply is proposed under special arrangements negotiated by the DH in which event the said special arrangements must be complied with. This includes the use of DH procurement frameworks for the construction of healthcare facilities;
- (c) In transactions involving the disposal of assets Standing Financial Instructions No. 14 does not require formal competitive tendering;

Formal tendering procedures below the OJEU threshold (or any subsequent legislation) **may be waived** in the following circumstances:

- (d) 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;
- (e) Where the requirement is covered by an existing contract;
- (f) Where national framework agreements are in place.
- (g) Where a consortium arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the consortium members;
- (h) 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;
- (i) Where specialist expertise is required and is available from only one source. This would include specialist original equipment manufacturer (OEM) parts, maintenance and repairs
- (j) 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;
- (k) 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;
- (l) Where the market has been tested and insufficient number of tenders have been received
- (m) Where the provider is available via a national framework but the Trust is able to negotiate better commercial terms.

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- (n) For the provision of legal advice and services that are not available via a national framework 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 waiving of competitive tendering procedures should not be used to avoid competition or for administrative convenience or to award further work to a consultancy 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 Integrated Audit Committee at each meeting.

7.5.4 Fair and Adequate Competition

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

7.5.5 List of Approved Firms

The Trust shall ensure that the firms/individuals invited to tender (and where appropriate, quote) are among those on approved lists or approved by pre-qualification, unless through open invitation to tender consistent with EU directives. Where in the opinion of the Director of Finance it is desirable to seek tenders from firms not approved, the reason shall be recorded.

A manager nominated by the Chief Executive shall on behalf of the Trust maintain lists of approved firms from who tenders and quotations may be invited. These shall be kept under frequent review. The lists shall include all firms who have applied for permission to tender and as to whose technical and financial competence the Trust is satisfied. All suppliers must be made aware of the Trust's terms and conditions of contract.

For building and engineering construction works and consultancy costs, invitations to tender shall be made only to firms included on the approved list of tenders compiled in accordance with this instruction or on the separate maintenance lists compiled and who are listed on the Construction line Supplier List for the relevant scope and value of works/services being procured.

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Firms included on the approved list of tenders shall ensure that when engaging, training, promoting or dismissing employees or in any conditions of employment, shall not discriminate against any person because of colour, race, ethnic or national origins, religion or sex, and will comply with the provisions of the Equality Act 2010 and any amending and /or related legislation.

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

7.5.6 Financial Standing and Technical Competence of Contractors

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

7.5.7 Exceptions to using Approved Contractors

If in the opinion of the Chief Executive and the Director of Finance it is impractical to use a potential contractor from the list of approved firms/individuals (for example where specialist services or skills are required and there are insufficient suitable potential contractors on the list), or where a list for whatever reason has not been prepared, the Chief Executive should ensure that appropriate checks are carried out as to the technical and financial capability of those firms that are invited to tender or quote.

An appropriate record in the contract file should be made of the reasons for inviting a tender or quote other than from an approved list.

7.5.8 Items which subsequently breach thresholds after original approval

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

7.6 Contracting/Tendering Procedure

7.6.1 Invitation to tender

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- (a) All invitations to tender shall be issued on the Trust's e-tendering platform and shall state the date and time as being the latest time for the receipt of tenders.
- (b) All invitations to tender shall state that no tender will be accepted unless they are submitted via the e-tendering platform
- (c) Every tender for goods, materials, services or disposals shall embody such of the NHS Terms and conditions for the supply of goods and services as are applicable.
- (d) Every tender for building or engineering works (except for maintenance work, when Estate code 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, or in the case of contracts entered into using DH frameworks the rules and regulations regarding this procurement route. If the Trust deems appropriate these documents shall be modified and/or amplified to accord with Independent Regulator guidance and, in minor respects, to cover special features of individual projects.

7.6.2 Opening tenders and Register of tenders

- (a) As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened on the e-tendering platform.
- (b) The rules relating to the opening of tenders will need to be read in conjunction with any delegated authority set out in the Trust's Scheme of Delegation.
- (c) The 'originating' Department will be taken to mean the Department sponsoring or commissioning the tender.
- (d) An electronic record shall be maintained on the e-tendering platform to show for each set of competitive tender invitations despatched:
 - i) The name of all firms or individuals invited;
 - ii) The names of firms individuals from which tenders have been received;
 - iii) The date the tenders were opened;

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- iv) The price shown on each tender;
- (e) 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.

7.6.3 Admissibility

- (a) 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.
- (b) Where only one tender is sought and/or received, the Chief Executive and Director of Finance shall, as far as practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for the Trust.

7.6.4 Late tenders

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

7.6.5 Acceptance of formal tenders

- (a) 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.

The most economically advantageous (MEAT) tender, shall ordinarily 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. The process of determining the lowest net cost, or the highest net value, should ensure that optimum value for money is achieved and should therefore assess the factors of economy, effectiveness and efficiency of the tendered goods or services. Other qualitative factors affecting the success of specific projects should also be assessed and include the:

- i) Experience and qualifications of the supplier team member;
- ii) Understanding of client's needs;
- iii) Feasibility and credibility of proposed approach;

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- iv) Ability to complete the project or deliver the service within the required timescale
- (b) 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.
- (c) If only one tender is received and this is in the range of the initial estimate then the contract can be awarded to that tenderer.
- (d) 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.
- (e) The use of these procedures must demonstrate that the award of the contract was:
 - i) Not in excess of the going market rate / price current at the time the contract was awarded;
 - ii) That best value for money was achieved.
- (f) All tenders should be treated as confidential and should be retained for inspection.

7.6.6 Tender reports to the Trust Board

Reports to the Trust Board will be made on an exceptional circumstance basis only.

7.7 Quotations: Competitive and non-competitive

7.7.1 General Position on quotations

Competitive quotations are required where formal tendering procedures are not adopted and where the intended expenditure or income during the total period of the contract is reasonably expected to exceed £24,999.

7.7.2 Competitive Quotations

- (a) Written Quotations or Tenders as appropriate should be obtained from at least 3 suppliers from £24,999 to £49,999, 4 from £50,000 to £249,999 and a minimum of 5 over £250,000, based on specifications or terms of reference prepared by, or on behalf of, the Trust.
- (b) Quotations should be in writing on company letter headed paper or from a company email address.

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- (c) All quotations should be treated as confidential and should be retained for inspection.
- (d) 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.

7.7.3 Non-Competitive Quotations

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

- (a) The supply of proprietary or other goods of a special character and the rendering of services of a special character, for which it is not, in the opinion of the responsible officer, possible or desirable to obtain competitive quotations;
- (b) The supply of goods or manufactured articles of any kind which are required quickly and are not obtainable under existing contracts;
- (c) Miscellaneous services, supplies and disposals;
- (d) Where the goods or services are for building and engineering maintenance the responsible works manager must certify that the first two conditions of this SFI (i.e.: (a) and (b) of this SFI) apply.

7.7.4 Quotations to be within Financial Limits

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

7.8 Authorisation of Tenders and Competitive Quotations

Providing all the conditions and circumstances set out in these Standing Financial Instructions have been fully complied with, formal authorisation and awarding of a contract may be decided by those with delegated authority.

The total value of the contract should be determined by reference to the total period to which the contract relates

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

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7.9 Instances where formal competitive tendering or competitive quotation is not required

Where competitive tenders or competitive quotations are not required because the amounts are less than those specified in 7.7 the Trust should adopt one of the following alternatives:

- (a) The Trust shall use NHS Supply Chain or other national collaborative agreement for the procurement of goods and services unless the Chief Executive or nominated officers deem it inappropriate. The decision to use alternative sources must be documented.
- (b) If the Trust does not use the NHS Supply Chain or other national collaborative agreement - the Trust shall procure goods and services in accordance with procurement procedures approved by the Director of Finance.
- (c) Where a schedule of rates for work has already been approved via a minor / major construction framework agreement.

7.10 Private Finance for capital procurement

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

- (a) The Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.
- (b) Where the sum exceeds delegated limits, a business case must be referred to the appropriate Independent Regulator for approval or treated as per current guidelines.
- (c) The proposal must be specifically agreed by The Board of the Trust.
- (d) The selection of a contractor/finance company must be on the basis of competitive tendering or quotations.

7.11 Compliance requirements for all contracts

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

- (a) The Trust's Constitution, Terms of Authorisation, Standing
- (b) Orders and Standing Financial Instructions;

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- (c) EU Directives and other statutory provisions;
- (d) Any relevant directions including the Capital Investment Manual, Estate code and guidance on the Procurement and Management of Consultants;
- (e) Where appropriate contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited.
- (f) In all contracts made by the Trust, The Board shall endeavour to obtain best value for money by use of all systems in place. The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Trust.

7.12 Personnel and Agency or Temporary Staff Contracts

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

7.13 Disposals

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 must 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 £1,000, this figure to be reviewed on a periodic basis;
- (d) Items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;

7.14 In-house Services

7.14.1 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 should ensure from time to time that benchmarking takes place.

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

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- (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 Director of Finance representative. For services having a likely annual expenditure exceeding £500,000, a non-officer member should be a member of the evaluation team.

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

7.14.4 The evaluation team shall make recommendations to The Board.

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

7.15 Applicability of SFIs on Tendering and Contracting to funds held in Trust

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

8 NHS Contracts for the Provision of Healthcare Services

8.1 Commissioning

8.1.1 Contracts with NHS providers for the supply of healthcare services shall be drawn up in accordance with the latest guidance available from the Department of Health and Social Care and administered by the Trust.

8.1.2 The Chief Executive, as the Accounting Officer, is responsible for ensuring the Trust enters into suitable contracts with service commissioners for the provision of NHS services. This responsibility has been delegated to the Director of Finance who is responsible for commissioning NHS service agreements for the provision of services to patients in accordance with the Business Plan, and for establishing the arrangements for non-contracted activity. In carrying out these functions, the Director of Finance will pay due regards to:

- (a) Costing and pricing of services;
- (b) Payment terms and conditions;
- (c) Amendments to NHS contracts and contracted activity; and

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- (d) License conditions and any other guidance issued by NHS Improvement and or NHS England.

8.2 Contract Pricing and Reporting

- 8.2.1 NHS contracts should comply with the most recent guidance from the DH and be so devised as to minimise risk whilst maximising the Trust's opportunity to generate income. NHS contract prices should comply with Costing and Payment by Results guidelines and the latest guidance published by NHS England and conform with any license conditions and other guidance issued by NHS Improvement.
- 8.2.2 The Director of Finance will need to ensure that regular reports are provided to The Board detailing actual and forecast income from the contract. This will include information on costing arrangements; any pricing of NHS contracts at marginal/subsidised cost must be undertaken by the Director of Finance and reported to The Board.

8.3 Content of Contracts

- 8.3.1 All contracts should aim to implement the agreed priorities contained within the Plan and wherever possible, be based upon integrated care pathways to reflect expected patient experience. In discharging this responsibility, the Chief Executive should take into account the latest relevant guidance available from NHS Improvement and NHS England, including:
- (a) The standards of service quality expected;
 - (b) The relevant national service framework (if any);
 - (c) The provision of reliable information on cost and volume of services; and
 - (d) The NHS National Performance Assessment Framework.
- 8.3.2 Approval of contracts must be in accordance with the scheme of delegation.

9 Employment and Terms of Service including staff expenses

9.1 Remuneration and Terms of Service

- 9.1.1 In accordance with the trust constitution, The Board shall establish a Non-Executive led nomination and remuneration committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting. (See guidance contained in the Higgs report.)

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- 9.1.2 The Remuneration Committee is a committee of The Board and fulfils the role of the Personnel and Remuneration and Terms of Service Committee described in the NHS 2006 Act.
- 9.1.3 The Remuneration Committee reviews and makes recommendations to The Board of Directors (BoD) on the composition, balance, skill mix and succession planning of The Board. It recommends to the BoD the appointment of Executive Directors. It is responsible for setting the overall remuneration and benefits for the Chief Executive, the Executive Directors and other senior managers reporting directly to the Chief Executive. In carrying out this role it has the specific duty to:
- (a) Regularly review the composition and effectiveness of the BoD and to make recommendations to The Board to improve its own governance and effectiveness.
 - (b) Ensure that appraisals are undertaken for all members of the BoD
 - (c) Regularly review the structure, size and composition (including the skills, knowledge and experience of The Board of Directors) and make recommendations to The Board with regard to any changes and appropriate process.
 - (d) To ensure a succession plan is in place and appropriate actions are taken to ensure the continued leadership of the Trust for the most senior leaders (including consultants) of the Trust.
 - (e) To ensure an appropriate process is in place for the appointment of the Chief Executive, Executive Directors, senior managers and consultants to and recommend the appointment of Executive Directors to the BoD and the Chief Executive to the Council of Governors (CoG).
 - (f) In conjunction with the CoG Appointment committee and the Council of Governors, ensure that the process for appointing the Trust Chair and Non-Executive Directors, and the process for appointing the Chair, Executive, Executive Directors, senior managers and consultants are aligned.
 - (g) To advise and make recommendations to the BoD about appropriate remuneration and terms of service for the Chief Executive, the Executive, senior managers reporting directly the Chief Executive and consultants which will include:
 - All aspects of salary (including any performance related element/bonuses)
 - Provision for other benefits, including pensions and cars

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- Agreement of contracts of employment and if applicable terms of office
 - Arrangements for termination of employment and other contractual terms, including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.
 - Clinical Excellence Awards
- (h) To consider a report annually from the Chair on the performance of the Chief Executive and from the Chief Executive on the performance of Executive Directors and consultants and determine any adjustment to salary and PRP.
- (i) To agree the policy and strategy for remuneration for all staff.
- 9.1.4 The minutes of the Remuneration Committee shall be submitted to The Board or, where this is not appropriate due to a confidentiality issue, a report or extract from the minutes will be submitted to The Board. The Chair of the Committee shall draw the attention of The Board to any issues that require disclosure to the full board, or require executive action.
- 9.1.5 The Board will be required to consider and to approve proposals presented by the Chief Executive for the setting of remuneration and conditions of service for those employees and officers not covered by the Committee.

9.2 Funded Establishment

- 9.2.1 The workforce plans incorporated within the annual budget will form the funded establishment, as approved by The Board.
- 9.2.2 The funded establishment of any department can only be varied if its cost remains within the approved budget for pay and changes are within approved virement levels. Any amendment to establishments must obtain prior approval from the Vacancy Control Panel.

9.3 Staff Appointments

- 9.3.1 No officer or Member of the Trust Board or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration unless:
- (a) They are duly authorized to do so by the Chief Executive; and
 - (b) The changes are within the limit of their approved budget and funded establishment;

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

9.4 Agency Nurses

9.4.1 Agency nursing staff will only be appointed to fill gaps in the approved establishment up to safe minimum operating levels. The appointment of agency nursing staff will only be approved by officers who have been delegated the authority to do so, and in accordance with the Trust's mandatory processes for recruiting temporary staff.

9.5 Processing Payroll

9.5.1 The Director of Finance and the Director of HR and OD are jointly responsible for arranging the provision of an appropriate payroll service. Together with the service provider, The Director is responsible for:

- (a) Specifying timetables for submission of properly authorised time record and other notifications;
- (b) The final determination of pay and allowances including the verification that rates of pay and other relevant conditions of service are in accordance with the current agreements as approved by The Board;
- (c) Making payment on agreed dates;
- (d) Agreeing method of payment;
- (e) Determining the correct tax status of any payment made;

9.5.2 Together with the payroll service provider, the Director of Finance and the Director of HR and OD will issue instructions in compliance with the standard operation of the national NHS Electronic Staff Record System and in compliance with the procedures of the relevant payroll service provider regarding:

- (a) Certification and documentation of data;
- (b) The timetable for receipt and preparation of payroll data and the payment of employees and allowances;
- (c) Maintenance of subsidiary records for superannuation, income tax, national insurance 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;

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

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

- (a) Submitting time records, and other notifications, in accordance with agreed timetables;
- (b) Completing time records and other notifications in accordance with the Director of HR and OD instructions and in the form prescribed by the Director of HR and OD;
- (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 fulfil obligations in circumstances that suggest they have left without notice, the Director of HR, OD and Developments must be informed immediately;
- (d) Submitting change of detail forms regarding both employment and personal data as soon as information is available.

9.5.4 Regardless of the arrangements for providing the payroll service, the Director of Finance and the Director of HR and 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.

9.6 Contracts of Employment

9.6.1 The Board shall delegate responsibility to the Director of HR and OD for:

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

9.7 Staff Expenses

- 9.7.1 The Director of Finance and Director of HR and OD are jointly responsible for establishing procedures for the management of expense claims submitted by Trust employees.

They shall arrange for duly approved expense claims, which are in accordance with the Trust's expense policy, to be processed through the Trust's payroll system. Expense claims shall be authorised in accordance with the Scheme of Delegation.

- 9.7.2 The Director of Finance and Director of HR and OD shall refer to the Trust's general policies on staff expenses and may reject expense claims where there are material breaches of Trust policies. In this regard the Director of Finance shall liaise with the Chief Executive where appropriate.

10 Non Pay Expenditure

10.1 General

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

- 10.1.1 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.

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

- 10.1.3 Where appropriate the Director of Finance will ensure that relevant statutory and guidance notes are followed. This will include the requirements in relation to the construction industry certificates.

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

10.2 Requisitioning

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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 Director of Finance (and/or the Chief Executive) shall be consulted.

10.3 System of Payment and Payment Verification

The Director of Finance shall be responsible for ensuring there is a system and associated procedures in place for the prompt payment of supplier invoices and charges. Payment of contract invoices shall be in accordance with contract terms, or otherwise, in accordance with **national guidance**.

10.3.1 The Director of Finance 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 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:
 - (ii) A list of employees (including specimens of their signatures) authorised to certify invoices.
 - (iii) 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;

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- 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.

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

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

10.3.4 Prepayments

Prepayments are only permitted where the Trust is contractually obliged as part of a contract approved within the Scheme of Delegation.

- (a) The appropriate Director must provide, as part of the Business Case, 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:
- (b) The Director of Finance 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):
- (c) 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.
- (d) Payment in respect of training courses and book purchases, maintenance contracts and leases where appropriate may be paid in advance of the receipt of the goods or services.

10.4 Official orders

10.4.1 Official Orders must:

- (a) Be consecutively numbered;
- (b) Be in a form approved by the Director of Finance;
- (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.

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10.4.2 Duties of Managers and Officers

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

- (a) All goods, services, or works must be ordered on an official order.
- (b) All contracts (except as otherwise provided for in the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Director of Finance in advance of any commitment being made;
- (c) Contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement;
- (d) No order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to directors or employees, other than:
 - Isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;
 - Conventional hospitality, such as lunches in the course of working visits;

This provision needs to be read in conjunction the principles outlined in the national guidance contained in HSG 93(5) “Standards of Business Conduct for NHS Staff”, Specifically all orders shall be issued in compliance with the Trust’s standards of business conduct policy, ensuring that no director or employees benefit from contracts with the Trusts suppliers or obtain private use of the Trust’s assets, goods or services

- (e) No requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Director of Finance on behalf of the Chief Executive;
- (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) Where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by NHS Improvement;
- (h) Orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;

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- (i) Goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;
- (j) Changes to the list of employees and officers authorised to certify invoices are notified to the Director of Finance;
- (k) Purchases from trust petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance; No single petty cash payment may exceed £50 without finance department approval.
- (l) Purchases from charitable funds petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Charitable funds committee; No single petty cash payment may exceed £100 and be in accordance with the delegations agreed by the Trustees.
- (m) The trust will not reimburse personal expenses or petty cash payments for items that have a formal contract and should have been ordered through an official purchase order.
- (n) Petty cash records are maintained in a form as determined by the Director of Finance.
- (o) The Director of Finance or designated officer may authorise advances on the imprest system for petty cash and other purposes as required. He/she may make supplementary advances in excess of the imprest where, through special circumstances, the amount of an officer's imprest is temporarily insufficient to meet outgoings.
- (p) It is the responsibility of budget holders to ensure that accruals of expenditure are notified to Finance and that they are fully and accurately reflected within monthly financial reports and records.

10.4.3 The Chief Executive and Director of Finance shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with best practice. The technical audit of these contracts shall be the responsibility of the relevant Director.

10.5 Joint Finance Arrangements with Local Authorities and Voluntary Bodies

10.5.1 Payments to local authorities and voluntary organisations made under the powers of section 256 of the NHS Act 2006 shall comply with procedures laid down by the Director of Finance which shall be in accordance with these Acts.

11 External Borrowing

11.1 External Borrowing and Public Dividend Capital

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- 11.1.1 The Director of Finance will advise The Board concerning the Trust's ability to pay dividends and repay Public Dividend Capital together with any proposed new borrowing, within the limits set by the Terms of the Authorisation and reviewed annually by the Independent Regulator (the "Prudential Borrowing Code"). The Director of Finance is also responsible for reporting periodically to The Board concerning Public Dividend Capital debt and all loans, overdrafts and associated interest.
- 11.1.2 Any application for new borrowings will only be made by the Director of Finance or by an employee acting on their behalf and in accordance with the Scheme of Delegation as appropriate.
- 11.1.3 The Director of Finance must prepare detailed procedural instructions concerning applications for new borrowings which comply with the instructions issued by the Independent Regulator from time to time.
- 11.1.4 Assets protected under the Terms of Authorisation shall not be used or allocated for borrowing. Non-protected assets will be eligible as security for loans.
- 11.1.5 The Board will agree the list of employees (including specimens of their signatures) who are authorised to make short term borrowings on behalf of the Trust. This must include the Chief Executive and the Director of Finance.
- 11.1.6 Any short-term borrowing must be with the authority of two Directors of an authorised panel, one of which must be the Chief Executive or the Director of Finance. The Board must be made aware of all short term borrowings at the next Board meeting.
- 11.1.7 The Director of Finance will produce an investment policy in accordance with any guidance issued by the Independent Regulator from time to time, for approval by The Board.
- 11.1.8 The Board will report to the Independent Regulator on any proposed major investments that could affect their financial risk rating, as part of the annual planning process or in year, prior to financial closure. In determining whether any investment decision is to be reported to the Independent Regulator the Trust will take into account guidance issued by the Independent Regulator "Risk Evaluation for Investment Decisions by NHS Foundation Trusts" as amended from time to time. Temporary cash surpluses must be held only in such investments as authorised by The Board and within the terms of guidance as may be issued by the Independent Regulator from time to time.
- 11.1.9 The Director of Finance is responsible for advising The Board on investments and shall report periodically to The Board concerning the performance of investments held. The Director of Finance will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

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

12.1 Capital Investment

12.1.1 The Chief Executive shall:

- (a) Ensure that there is an adequate appraisal and approval process in place for determining capital expenditure, including leasing, priorities and the effect of each proposal upon Business Plans;
- (b) Be responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost; and
- (c) Ensure that the capital investment is not undertaken without appropriate authorisation and confirmation of purchaser(s) support, and resources to finance all revenue consequences, including depreciation and interest payable.

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

- (a) That a business case, prepared to a standard format as determined by The Board of Directors, is produced setting out:
 - (ii) An option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
 - (iii) The involvement of appropriate Trust personnel and external agencies;
 - (iv) Appropriate project management and control arrangements;
- (b) That the Director of Finance has certified professionally to the costs and revenue consequences detailed in the business case for capital schemes where the contracts stipulate stage payments; the Chief Executive will issue procedures for their management, incorporating the recommendations of “Estate code”.

12.1.2 The Director of Finance shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with Inland Revenue guidance.

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

12.1.4 The approval of the annual capital plan shall not constitute approval for expenditure on any scheme within that plan.

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- 12.1.5 The approval of annual programmes of maintenance, renewal or similar works shall constitute approval for schemes within that programme under the responsible supervision of the trust capital group.
- 12.1.6 The Chief Executive will issue a scheme of delegation for capital investment management in accordance with "Estate code" guidance, the Trust's Standing Orders and any guidance issued by the Independent Regulator.
- 12.1.7 The Director of Finance shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes. Escalation thresholds for approving variations to authorised capital programmes are set out in the Scheme of Delegation.

12.2 Private Finance

- 12.2.1 The Trust should normally test for PFI when considering capital procurement. When the Trust proposes to use finance which is to be provided other than through its internally generated funds or formal borrowing, the following procedures shall apply:
- (a) The Director of Finance shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
 - (b) Where the sum involved exceeds delegated limits, the business case must be referred to the Independent Regulator or in line with any current guidelines.
 - (c) The proposal must be specifically agreed by The Board.

12.3 Asset Registers

- 12.3.1 The Chief Executive is responsible for ensuring procedures are in place for the maintenance of registers of assets, taking account of the advice of the Director of Finance 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.
- 12.3.2 The Trust shall maintain a publicly available property asset register recording protected property in accordance with the guidance issued by the Independent Regulator.
- 12.3.3 The Trust may not dispose of any protected property assets without the approval of the Independent Regulator. This includes the disposal of part of the property or granting an interest in it.

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- 12.3.4 The Director of Finance shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on protected property asset registers.
- 12.3.5 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.
- 12.3.6 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).

12.4 Security of Assets

- 12.4.1 The overall control of fixed assets is the responsibility of the Chief Executive.
- 12.4.2 Asset control procedures (including fixed assets, cash, cheques, negotiable instruments and donated assets) must be approved by the Director of Finance. 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.

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- 12.4.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Director of Finance.
- 12.4.4 Whilst each employee and officer has a responsibility for the security of property of the Trust, it is the responsibility of directors and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by The Board. Any breach of agreed security practices must be reported in accordance with agreed procedures.
- 12.4.5 Any damage to the Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by directors and employees in accordance with the procedure for reporting losses.
- 12.4.6 Where practical, assets should be marked as Trust property.

13 Stores and Receipt of Goods

13.1 General

- 13.1.1 Stores, defined in terms of controlled stores and departmental stores (for immediate use) should be:
- (a) Kept to a minimum practical level;
 - (b) Subjected to regular stock take –perpetual and/or annual;
 - (c) Valued at the lower of cost and net realisable value; and
 - (d) Be kept as secure as practically possible.

13.2 Control

- 13.2.1 The Director of Finance is responsible for the systems of control and stores.
- 13.2.2 The day to day responsibility will be delegated to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the Director of Finance. The control of Pharmaceutical stocks shall be the responsibility of a designated pharmaceutical officer; and the control of fuel oil and coal to a designated estates manager.
- 13.2.3 The responsibility for security arrangements and the custody of keys for all stores and locations shall be clearly defined in writing by the designated manager/pharmaceutical officer. Wherever practicable, stocks should be marked as Trust property.

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- 13.2.4 The Director of Finance shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, stocktaking and losses.
- 13.2.5 Stocktaking arrangements shall be agreed with the Director of Finance and there shall be a physical check covering all items in store at least once a year.
- 13.2.6 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Director of Finance.
- 13.2.7 The designated manager/pharmaceutical officer shall be responsible for a system approved by the Director of Finance for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated officer shall report to the Director of Finance any evidence of significant overstocking and of any negligence or malpractice. Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

13.3 Goods supplied to the Trust

- 13.3.1 For all goods supplied to the Trust, 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 Director of Finance, or delegated representative, who shall satisfy himself that the goods have been received before accepting the recharge.

14 Bankruptcy, Liquidations and Receiverships

14.1 Responsibility of The Finance Director

- 14.1.1 **The Director** of Finance should make every effort to become aware, at the earliest point possible, of the bankruptcy, liquidation or receivership of any supplier.
- 14.1.2 When a bankruptcy, liquidation or receivership is discovered, all payments should be ceased pending confirmation of the bankruptcy, etc. As a matter of urgency, a statement must be prepared listing the amounts due to and from the Trust.
- 14.1.3 The Director of Finance must ensure that:
- Any payments due to the Trust are made to the correct person;
 - Any claim by the Trust is properly lodged with the correct party and without delay.

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15 Disposals and Condemnations, Losses and Special Payments

15.1 Disposals and Condemnations

- 15.1.1 The Director of Finance must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers.
- 15.1.2 When it is decided to dispose of a Trust asset, the head of department or authorised deputy will determine and advise the Director of Finance of the estimated market value of the item, taking account of professional advice where appropriate.
- 15.1.3 All unserviceable articles shall be:
- (a) Condemned or otherwise disposed of by an employee authorised for that purpose by the Director of Finance; and
 - (b) Recorded by the Condemning Officer in a form approved by the Director of Finance which will indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the Director of Finance.
- 15.1.4 The Condemning Officer shall satisfy himself as to whether or not there is evidence of negligence in use and shall report any such evidence to the Director of Finance who will take the appropriate action.

15.2 Losses and Special Payments

- 15.2.1 The Director of Finance must prepare procedural instructions on the recording of and accounting for losses, and special payments.
- 15.2.2 In cases involving suspected fraud, the Director of Finance 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.
- 15.2.3 Any employee or officer discovering or suspecting a loss of any kind must immediately inform their line manager, who must immediately inform the Head of Department.

Depending of severity, circumstance and materiality of the loss the Chief Executive, Director of Finance or an officer charged with responsibility for responding to concerns involving loss must be informed. This officer will then appropriately inform the Director of Finance and/or Chief Executive.

Where a criminal offence is suspected, the Director of Finance must immediately inform the police if theft or arson is involved. In cases of fraud and corruption or of

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anomalies which may indicate fraud or corruption, the Director of Finance must inform the Trust's Local Counter Fraud Specialist and the NHS Counter Fraud Authority in accordance with the NHS Standards for providers.

- 15.2.4 The Director of Finance must notify the Counter Fraud and Security Management Services (CFSMS) and the External Auditor of all frauds.
- 15.2.5 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Director of Finance must immediately notify:
- (a) The Board, and
 - (b) The External Auditor.
- 15.2.6 Write offs and losses not associated with Fraud are approved within the scheme of delegation The Director of Finance shall be authorised to take any necessary steps to safeguard the Trust's interests in personal and company insolvencies.
- 15.2.7 For any loss, the Director of Finance in conjunction with the Company Secretary should consider whether any insurance claim can be made.
- 15.2.8 The Director of Finance shall maintain a Losses and Special Payments Register in which write off action is recorded, including bad debt written off. The register should show:
- (a) The nature, gross amount (or estimate where an accurate value is unavailable), and cause of each loss;
 - (b) The action taken, total recoveries and date of write-off where appropriate; and
 - (c) The category in which each loss is to be noted.
- 15.2.9 All Losses and special payments must be reported to the Integrated Audit Committee on a regular basis; at least annually.

16 Information Technology

16.1 Controls

- 16.1.1 The Chief Executive will nominate a Senior Information Risk Owner (SIRO) who is responsible for the accuracy and security of the computerised 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 from accidental or intentional disclosure to unauthorised persons, deletion or

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modification, theft or damage, having due regard for the Data Protection Act, Human Rights Act and Freedom of Information Act;

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

16.1.2 The Director of IT Transformation shall:

- (a) Prepare and maintain an IT strategy for regular approval by The Board; and
- (b) Ensure that all purchases of hardware/software are in compliance with the Trust's IT strategy.

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

16.1.4 The Chief Executive shall ensure that the Trust shall publish and maintain a Freedom of Information (FOI) Publication Scheme, or adopt a model Freedom of Information Publication Scheme approved by the information Commissioner.

16.2 System Development

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

16.2.2 In the case of computer systems which are proposed General Applications (i.e. normally those applications which the majority of Authorities/Trusts in the cluster or nationally wish to sponsor jointly) all responsible Directors and employees will send to the Director of Finance:

- (a) Details of the outline design of the system; and

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

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

16.2.4 The Director of Finance shall ensure that contracts for computer services for financial applications with another health organisation or any other agency/party 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.

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

16.3 Risk Assessment

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

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

Where computer systems have an impact on corporate financial systems the Director of Finance 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) Staff as delegated by the Director of Finance have access to such data; and
- (d) Such computer audit reviews as are considered necessary are being carried out.

16.5 Data Security and Integrity as it relates to Financial Systems

16.5.1 The Director of Finance shall ensure that appropriate 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.

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16.5.2 Where another health organisation or any other agency provides a computer service for financial applications, the nominated Executive Director shall periodically seek assurances that adequate controls are in operation

17 Patients Property

17.1 Responsibilities

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

17.1.2 The Chief Executive is responsible for ensuring:

(a) That patients or their carers, as appropriate, are informed before or at admission by:

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

(iii) Hospital admission documentation and property records; and

(iv) The oral advice of administration and nursing staff responsible for admissions.

(b) That the Trust will not accept responsibility or liability for patients’ property brought into its premises, unless it is handed in for safe custody and a copy of an official patients’ property record is obtained as a receipt.

17.1.3 The Director of Nursing must provide detailed written instructions on the collection, custody, safekeeping, collection or disposal of patients’ property. This should include the transfer of valuables for safekeeping to Finance where applicable.

17.1.4 The Director of Finance must provide detailed written instructions on the custody, recording, safekeeping, and disposal of patients’ valuables (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 patient valuables. Due care should be exercised in the management of patients’ money in order to avoid loss.

17.1.5 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 the property is £5,000 or less, forms of indemnity shall be

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obtained, and the authority of the Director of Finance received to release the property.

- 17.1.6 Staff should be informed, on appointment, by appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients, detailed in the patient's property policy and procedure.
- 17.1.7 Where patients' property or income is received for specific purposes and held for safekeeping the property or income shall be used only for that purpose, unless any variation is approved by the donor or patient in writing.

18 Funds Held on Trust – The Medway Hospital Charity

The Medway Hospital Trust Charity receives gifts, donations and endowments held on trust for purposes relating to services provided by the Trust.

18.1 Corporate Trustee

- 18.1.1 The Trust has responsibilities as a corporate trustee for the management of funds it holds on trust and will comply with the Charities Commission latest guidance and best practice.
- 18.1.2 The responsibilities of the Trust acting as corporate trustee 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.
- 18.1.3 The Charitable funds manager on authority from the Trustees of the Charitable Funds 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.

18.2 Accountability to Charity Commission and Secretary of State for Health

- 18.2.1 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.
- 18.2.2 The Schedule of Matters Reserved to The Board and the Scheme of Delegation make clear where decisions regarding the exercise of discretion regarding the disposal and use of the funds are to be taken and by whom. All Board members and Trust officers must take account of that guidance before taking action.

18.3 Applicability of Standing Financial Instructions to funds held on Trust

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- 18.3.1 In so far as it is possible to do so, most of the sections of these Standing Financial Instructions will apply to the management of funds held on trust.
- 18.3.2 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.
- 18.3.3 Specific differences in SFIs or their application are explicitly set out in the relevant section.

19 Acceptance of Gifts by Staff and Link to Standards of Business Conduct

- 19.1 The Trust's policy on acceptance of gifts and other benefits in kind by staff is embodied in the Trust's Policies on Anti-Fraud and Bribery and Standards of Business Conduct Policy. The Standards of Business Conduct policy follows the guidance from DH, in particular Health Circular HSG (93) 5 'Standards of Business Conduct for NHS Staff' which is deemed to be an integral part of these SFIs.
- 19.2 The Company Secretary shall ensure that a Code of Conduct and arrangements and procedures for the declaration and registering of interests of members of both The Board of Directors and the Council of Governors and other senior management as determined by The Board of Directors are in place.

20 Retention of Records

- 20.1 The Chief Executive shall be responsible for the management of all NHS records by the Trust, regardless of the media on which they are held.
- 20.2 The Chief Executive shall be responsible for ensuring that all records required to be retained in accordance with the requirements of the Data Protection Act 1998 and the Freedom of Information Act 2000 and taking into account the guidance contained in Records Management: NHS Code of Practice (2010).
- 20.3 The records held in archives shall be capable of retrieval by authorised persons in accordance with the provisions of the Records Management Code.
- 20.4 Records held shall only be destroyed at the express instigation of the Chief Executive and details shall be maintained of records so destroyed.

21 Risk Management and Insurance

21.1 Programme of Risk Management

- 21.1.1 The Chief Executive shall ensure that the Trust has a programme of risk management, in accordance with current Independent Regulator requirements (if any), which must be approved and monitored by The Board.

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The programme of risk management shall include:

- (a) A process for identifying and quantifying risks and potential liabilities;
- (b) Engendering among all levels of staff a positive attitude towards the control of risk;
- (c) Management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control, cost effective insurance cover, and decisions on the acceptable level of retained risk;
- (d) Contingency plans to offset the impact of adverse events;
- (e) Audit arrangements including; Internal Audit, clinical audit, health and safety review;
- (f) A clear indication of which risks shall be insured;
- (g) Arrangements to review the Risk Management programme.

The existence, integration and evaluation of the above elements will assist in providing a basis to create the Annual Governance Statement (AGS) within the Annual Report and Accounts.

Insurance brokers may be appointed if required in accordance with the Trust's SFIs governing tendering and contracting procedures, to affect such insurance cover.

21.2 Insurance: Risk Pooling Schemes administered by NHS RESOLUTION

The Board shall decide if the Trust will insure through the risk pooling schemes administered by the NHS Resolution, commercial insurers or self-insure for some or all of the risks covered by the risk pooling schemes. Any decision not to use the risk pooling scheme administered by the NHS RESOLUTION for any of the risk areas (clinical, property and employers/third party liability) covered by the scheme should be reviewed annually.

21.3 Insurance arrangements with commercial insurers

21.3.1 Insurance cover for the Trust's assets (except income generation activities and motor vehicles) shall as a minimum be provided through the Property Expenses Scheme (PES) operated by the NHS Resolution.

21.3.2 The Trust is free to enter into appropriate insurance arrangements with commercial insurers. Insurance to cover the risk of legal action against the Trust's

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directors shall be arranged in line with guidance set out in the NHS Foundation Trust Code of Governance.

21.2 Arrangements to be followed by The Board in agreeing Insurance cover

Where The Board decides to use the risk pooling schemes administered by the NHS Resolution the Company Secretary shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Company Secretary shall ensure that documented procedures cover these arrangements.

- 21.2.1 Where The Board decides not to use the risk pooling schemes administered by the NHS Resolution for one or other of the risks covered by the schemes, or to source commercial insurance for those risks, the Company Secretary shall ensure that The Board is informed of the nature and extent of the risks that are self-insured as a result of this decision. It shall be for The Board of Directors to decide if the cost of insuring assets to a greater extent than the PES is warranted.
- 21.2.2 The Trust's nominated Claims Manager 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.
- 21.2.3 All the risk pooling schemes require Scheme members to make some contribution to the settlement of claims (the 'deductible'). The Director of Finance should ensure documented procedures also cover the management of claims and payments below the deductible in each case

22 Credit Finance Arrangements Including Leasing Commitments

- 22.1 There are no grounds where any employee of the Trust can approve any contract or transaction which binds the Trust to credit finance commitments without the clear prior authority of the Director of Finance. This includes all Executive Directors of the Trust as well as all officers. The Board has provided the Director of Finance with sole authority to enter into such commitments, although these powers can be delegated by him/her to appropriate officers under his/her organisational control.
- 22.2 This instruction applies to leasing agreements and Hire Purchase undertaking which must be sent to the Director of Finance for prior approval. No officer of the Trust outside the organisational control of the Director of Finance has any powers to approve such commitments.

23 Delegated Matters

- 23.1 Delegated matters in respect of decisions which may have a far reaching effect must be reported to the Chief Executive.
- 23.2 All items concerning Finance must be carried out in accordance with Standing Financial Instructions.

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- 23.3 The Scheme of Delegation can be amended by the Chief Executive at any time providing there is no change to the Standing Financial Instructions.
- 23.4 The level of authority to authorise delegated matters is contained within the Scheme of Delegation – Financial Authorities document.
- 23.5 The table of delegated matters below is the lowest level to which authority is delegated. Delegation to lower levels is only permitted with written approval of the Chief Executive who will, before authorising such delegation, consult with other Senior Officers as appropriate.

24 Scheme of Delegation – Financial Authorities

Medway Foundation trust	Expenditure			Contracts	Disposal/ Write off of assets	Write off of Debt	Losses & Special Payments
	General		Capital				
	PO/Stock	Non PO					
Trust Board	£500k+	£500k+	£1m+	£500k+	£500k+	£500k+	£500k+
Chief Executive	£500k	£500k	£1m	£500k	£500k	£500k	£500k
Director of Finance	£500k	£500k	£1m	£500k	£500k	£500k	£500k
Deputy Chief Executive	£250k	£50k		£250k	£150k	£150k	£150k
Associate Director of Procurement	£250k	£50k		£50k			
Chief Operating Officer	£150k	£25k		£50k			
Executive Director of Estates and Facilities	£150k	£150k	£150k	£50k			
All other voting Executive Board Members	£100k	£10k		£50k			
All other Executive Directors	£50k	£10k					
Directors of Clinical Operations	£50k	£10k					£10k
Chief Pharmacist	£50k	£10k					
Deputy Directors of Finance	£50k	£50k		£50k	£50k	£50k	£50k
Deputy Director of HR	£50k	£5K					
Deputy Director of Estates and Facilities	£50k	£50k	£50k				
Heads of Service /General Manager Budget Holders - including Head of Temporary Staffing	£20k	£5K			£5k		£5k
Company Secretary	£10k	£5K					
Other Budget Holders & Qualified Pharmacy Buyers	£10k	£0					
Financial Controller	£5k	£5k			£5k	£5k	

Limits can be delegated downwards during periods of absence by completing SFla forms available on the intranet or from Finance.
Limits can be delegated upwards or sideways by using vacation rules in the Finance ledger.

Note:

PO/Stock relates to all goods and services ordered through Trust approved procurement and stock replenishment systems (finance, catering, pharmacy and temporary staffing systems) including goods supplied by NHS Supply Chain.

Non PO purchases are exceptional purchases approved with Finance. Purchase commitments made in this way without Finance approval will be reported as a breach of SFIs.

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Non PO limits are set lower than PO/Stock limits in recognition of Trust NO PO/NO PAY policy

Charitable funds	All spend
Charitable funds committee	£15k+
Chief Executive	£15k ⁴
Financial Controller	£5k ⁵
Charity & Fundraising Manager	£2k

Notes:

⁴ Countersigned by Committee Chair

⁵ In conjunction with Fund Manager

End of document