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STANDING FINANCIAL INSTRUCTIONS

**Approved Audit Committee
July 2013**

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STANDING FINANCIAL INSTRUCTIONS

1. INTRODUCTION

1.1 General

- 1.1.1 These Standing Financial Instructions (SFIs) are issued by the Board of Bolton NHS Foundation Trust (BNHSFT). They shall have effect as if incorporated in the Standing Orders (SOs).
- 1.1.2 These Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by BNHSFT. They are designed to ensure that BNHSFT's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, and value for money (economy, efficiency and effectiveness). They should be used in conjunction with the Schedule of Decisions/Powers Reserved to the Board/Committees and Scheme of Delegation to Directors and Managers.
- 1.1.3 These Standing Financial Instructions identify the financial responsibilities which apply to everyone working for BNHSFT and its constituent organisations including Trading Units. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Director of Finance and Procurement.
- 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 and Procurement must be sought before acting. The user of these Standing Financial Instructions should also be familiar with and comply with the provisions of BNHSFT's Standing Orders.
- 1.1.5 **The failure to comply with Standing Financial Instructions and Standing Orders can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.**
- 1.1.6 **Deliberate failure to comply with SFIs and SOs could constitute a breach of the Fraud Act 2006 and result in criminal action being taken against an individual or individuals.**
- 1.1.7 **Overriding Standing Financial Instructions** – If for any reason these Standing Financial Instructions are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit Committee for referring action or ratification. All members of the Board and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Director of Finance and Procurement as soon as possible.

1.2 Terminology

“Any expression to which a meaning is given in Health Service Acts, or in the Financial Directions made under the Acts, shall have the same meaning in these instructions; and

- a. "Trust" means the Bolton NHS Foundation Trust
- b. "Board" means the Board of Directors of BNHSFT as set out in the Constitution;
- c. "Committee" means any committee established by the Council of Governors or the Board of Directors for the purposes of fulfilling its functions;
- d. "Council of Governors" means the body of elected and appointed governors, authorised to be members of the Council of Governors and to act in accordance with the Constitution;

- e. "Constitution" means the constitution, approved by the Independent Regulator, and which describes the operation of BNHSFT;
- f. "Chief Executive" means the chief officer of BNHSFT;
- g. "Director of Finance and Procurement" means the chief financial officer of BNHSFT;
- h. "2006 Act" refers to the National Health Service Act 2006;
- i. "Authorisation agreement" refers to the document issued by the Regulator at the inception of BNHSFT authorising it to operate as a Foundation Trust in accordance with Chapter 5 of the National Health Service Act 2006.
- j. "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 BNHSFT;
- k. "Budget Holder" means the director or employee with delegated authority to manage finances (Income and Expenditure) for a specific area of the organisation;
- l. "Funds held on trust" shall mean those funds which BNHSFT holds at the date of incorporation, receives on distribution by statutory instrument or chooses subsequently to accept under powers derived under S.90 of the NHS Act 2006, as amended. Such funds may or may not be charitable;
- m. "Legal Adviser" means the properly qualified person appointed by BNHSFT to provide legal advice;
- n. "Mandatory services" are those services which the Regulator has deemed it compulsory that BNHSFT provides, as listed in the Authorisation agreement;
- o. "Protected assets" refers to those assets of BNHSFT deemed by the Regulator to be essential to the provision of mandatory services (see above) and listed as such in the Authorisation agreement;
- p. "Regulator" means the Independent Regulator for the purposes of the 2006 Act;
- q. "SFIs" means Standing Financial Instructions;
- r. "SOs" means Standing Orders; and
- s. "Virement" means the transfer of budgetary provision from one budget head to another."

1.3 Responsibilities and delegation

1.3.1 BNHSFT Board

The Board exercises financial supervision and control by:

- (a) formulating the financial strategy;
- (b) requiring the submission and approval of budgets within approved allocations/overall income;
- (c) defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money);

- (d) defining specific responsibilities placed on members of the Board and employees as indicated in the Schedule of Decisions etc document referred to at SFI 1.1.2 above.

1.3.2 The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the Schedule of Decisions etc document referred to at SFI 1.1.2 above. All other powers have been delegated to such other committees as BNHSFT has established.

1.3.3 **The Chief Executive and Director of Finance and Procurement**

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

The National Health Service Act 2006 designates the Chief Executive of an NHS Foundation Trust as the Accounting Officer. The responsibilities of an NHS FT Accounting Officer are contained in guidance issued by Monitor and include the overall organisation, management and staffing of the NHS Foundation Trust and its procedures in financial and other matters. The Accounting Officer must ensure that:

- there is a high standard of financial management in the NHS Foundation Trust as a whole;
- financial systems and procedures promote the efficient and economical conduct of business and safeguard financial property and regularity throughout the NHS Foundation Trust; and
- financial considerations are fully taken into account in decisions on NHS Foundation Trust policy proposals.

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

1.3.5 **The Director of Finance and Procurement**

The Director of Finance and Procurement is responsible for:

- (a) implementing BNHSFT's financial policies and for coordinating any corrective action necessary to further these policies;
- (b) maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;
- (c) ensuring that sufficient records are maintained to show and explain BNHSFT's transactions, in order to disclose, with reasonable accuracy, the financial position of BNHSFT at any time;

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

- (d) the provision of financial advice to other members of the Board and employees;
- (e) the design, implementation and supervision of systems of internal financial control;

- (f) the preparation and maintenance of such accounts, certificates, estimates, records and reports as BNHSFT may require for the purpose of carrying out its statutory duties.

1.3.6 Board Members and Employees

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

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

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

1.3.8 Contractors and their employees

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

2. AUDIT

2.1 Audit Committee

2.1.1 In accordance with paragraph 23, Schedule 7 of the NHS Act 2006, the Board shall formally establish an Audit Committee of non-executive directors to perform such monitoring, reviewing and other functions as are appropriate.

2.1.2 The Board shall satisfy itself that at least one member of the Audit Committee has recent and relevant financial experience.

2.1.3 The Audit Committee will have clearly defined terms of reference and following guidance from the NHS Audit Committee Handbook (2005).

2.1.4 The Audit Committees main responsibilities are to:

- provide the third line of assurance focusing on reviewing assurance and gaps in the control and scrutiny provided by other committees.
- review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the Trust's activities (both clinical and non-clinical), that supports the achievement of the Trust's objectives.
- review the Board Assurance framework at least twice a year.
- use Monitor's quarterly risk rating to monitor and review the Trust's financial performance and any formal announcements relating to the Trust's financial

performance, reviewing significant financial reports and the judgments contained in them.

In particular, the committee will review the adequacy of:-

- all risk and control related disclosure statements together with any accompanying Head of Internal Audit statement, external audit opinion or other appropriate independent assurances, prior to endorsement by the Board.
- the underlying assurance processes that indicate the degree of the achievement of corporate objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements.
- the policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements and related reporting and self certification.
- review and seek assurances on the work of other committees.
- in carrying out this work the committee will primarily utilise the work of the internal audit, external audit and other assurance functions, but will also seek reports and assurance from directors and managers as appropriate, concentrating on the overarching systems of integrated governance, risk management and internal control, together with indicators of their effectiveness.

2.1.5 Relationship with Internal Audit

The Committee shall:-

- ensure that there is an effective internal audit function established by management, that meets mandatory Government audit standards and provides appropriate independent assurance to the Audit Committee, Chief Executive and Board this will be achieved by:-
- consider the provision of the internal audit service, the cost of the audit and any questions of resignation and dismissal.
- review and approved the internal audit strategy, operational plan and more detailed programme of work, ensuring that this is consistent with the audit needs of the organisation as identified in the Assurance framework.
- consider the major findings of internal audit work (and managements response) and ensuring co-ordination between external and internal auditors to optimise audit resources.
- ensure that the internal audit function is adequately resourced and has appropriate standing within the Trust.
- review annually the effectiveness of internal audit.

2.1.6 Relationship with External Audit

The Committee shall:-

- review the work findings of the external auditor appointed by the Governors and consider the implications and management's responses to their work this will be achieved by:_
- consider the appointment and performance of the external auditors, as far as the rules governing the appointment permit.

- liaise with the Council of Governors regarding the appointment and performance of the external auditor.
- discuss and agree with the external auditor, before the audit commences, of the nature and scope of the audit as set out in the Annual Plan, and ensure co-ordination, as appropriate, with other external auditors in the local health economy.
- review all external audit reports, including the report to those charges with governance, agreement of the annual audit letter before submission to the Board and any work carried out outside the annual audit plan, together with the appropriateness of management responses.

2.1.7 Relationship with NHS Protect

The Audit Committee shall satisfy itself that:-

- the organization has adequate arrangements in place for countering fraud and shall review the outcomes of counter fraud work including but not limited to:-
- the policies and procedures for all work related to fraud and corruption as set out in Secretary of State Directions and as required by NHS Protect and Security Management Service.
- receive regular reports from the CFMS (Counter Fraud Management Specialist).
- ensure the Trust has identified a Non Executive to undertake the whistleblowing role in line with the trust's policy and will review any issues raised in the Audit Committee.

2.1.8 Financial Reporting

- The Audit Committee shall monitor the integrity of the financial statements of the Trust and any formal announcements relating to the Trust's financial performance.
- ensure that the systems for financial reporting to the Board, including those of budgetary control are subject to review as to completeness and accuracy of information provided to the Board.
- Review the Annual Report and financial statements before submission to the Board, focusing primarily on:-
- the wording of the Statement of Internal Control and other disclosures relevant to the terms of reference of the committee,
- changes in, and compliance with, accounting policies, practices and estimation techniques.
- unadjusted mis-statements in the financial statements.
- significant judgements in preparation of the financial statements.
- significant adjustments resulting from the audit.
- letter of representation.
- qualitative aspects of financial reporting.

2.1.9 Other Responsibilities

- The Audit Committee will also be responsible for:-

- scrutinising waivers approved by CE and DOF and approving waivers of £250,000 - £1m.
- approving changes to the Trust's standing financial instructions.
- receiving regular reports on losses and compensations and review the appropriateness thereof.
- receiving regular reports on variations to terms and conditions of service and review the appropriateness thereof.

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

2.1.11 The Audit Committee should review arrangements by which staff of BNHSFT may raise, in confidence, concerns about possible improprieties in matters of financial reporting and control, clinical quality, patient safety or other matters. The Audit Committee's objective should be to ensure that arrangements are in place for the proportionate and independent investigation of such matters, and for appropriate follow-up action.

2.2 Director of Finance and Procurement

2.2.1 The Director of Finance and Procurement is responsible for:

- ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective Internal Audit function;
- ensuring that the Internal Audit is adequate and meets the NHS mandatory audit standards and provides sufficient independent and objective assurance to the Audit Committee and the accountable officer
- deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption;
- ensuring that an annual Internal Audit report is prepared for the consideration of the Audit Committee. The report must cover:
 - a clear opinion on the effectiveness of internal control, risk management and governance;
 - major internal financial control weaknesses discovered;
 - progress on the implementation of Internal Audit recommendations;
 - progress against plan over the previous year.
- ensuring that an annual Internal Audit Plan is produced for consideration by the Audit Committee and the Board, which sets out the proposed activities for the function for the forthcoming financial year; and
- ensuring that a medium-term internal audit plan (usually three years) is prepared for the consideration of the Audit Committee and the Board.

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

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

2.3 Role of Internal Audit

2.3.1 Internal Audit is an independent and objective appraisal service within an organization which provides:

- (a) an independent and objective opinion to the Accountable Officer, the Board and the Audit Committee on the degree to which risk management, control and governance, support the achievement of the organisation's agreed objectives;
- (b) an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance arrangements.

2.3.2 Internal Audit will review, appraise and report upon:

- (a) the extent of compliance with, and the financial effect of, relevant established policies, plans and procedures;
- (b) the adequacy and application of financial and other related management controls;
- (c) the suitability of financial and other related management data;
- (d) the extent to which BNHSFT'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.

2.3.3 The Head of Internal Audit will provide to the Audit Committee;

- (a) A risk-based plan of internal audit work, agreed with management and approved by the Audit committee, based upon the management's Assurance Framework that will enable the Auditors to collect sufficient evidence to give an opinion on the adequacy and effective operation of the organization;
- (b) Regular updates on the progress against plan;
- (c) Reports of management's progress on the implementation of action agreed as a result of internal audit findings;
- (d) An annual opinion, based upon and limited to the work performed, on the

overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the organisation's system on internal control). This opinion is used by the Board to inform the Annual Governance Statement.

(e) Additional reports as requested by the Audit Committee.

2.3.4 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 and Procurement must be notified immediately.

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

2.3.6 The Head of Internal Audit shall be accountable to the Director of Finance and Procurement. Head of Internal Audit

2.3.7 The reporting system shall be reviewed at least every three years.

2.4 External Audit

2.4.1 In accordance with paragraph 23, Schedule 7 of the 2006 Act, BNHSFT must appoint an External Auditor.

- It is for the board of governors to appoint or remove the auditor at a general meeting of the board.
- .
- But a person may not be appointed as auditor unless he (or, in the case of a firm, each of its members) is a member of one or more of the following bodies
 - (a) the bodies mentioned in section 3(7)(a) to (e) of the Audit Commission Act [1998 \(c. 18\)](#),
 - (b) any other body of accountants established in the United Kingdom and approved by Monitor for the purposes of this paragraph.

2.4.2 The responsibilities of the External Auditor are prescribed in Schedule 10 of the Act; in particular:

- To be satisfied that the accounts comply with the directions provided, i.e. that the accounts comply with *The NHS Foundation Trust Financial Reporting Manual*.
- To be satisfied that the accounts comply with the requirements of all other provisions contained in, or having effect under, any enactment which are applicable to the accounts.
- To be satisfied that proper practices have been observed in compiling the accounts.
- To be satisfied that proper arrangements have been made for securing economy, efficiency and effectiveness in the use of resources.
- To comply with any directions given by Monitor as to the standards, procedures and techniques to be adopted, i.e. to comply with the code.
- To consider the issue of a public interest report.
- To certify the completion of the audit.

- To express an opinion on the accounts.
- To refer the matter to Monitor when an NHS Foundation Trust, or an officer or director of an NHS Foundation Trust, makes or is about to make decisions involving potentially unlawful expenditure or takes or is about to take potentially unlawful action likely to cause a loss or deficiency.

2.5 Fraud, Corruption and Bribery

- 2.5.1 In line with their responsibilities as set out in HSG (96) 12, BNHSFT Chief Executive and Director of Finance and Procurement shall monitor and ensure compliance with the conditions of the NHS Standard Contract on fraud, corruption and bribery.
- 2.5.2 BNHSFT shall nominate a suitable person to carry out the duties of the Local Anti-Fraud Specialist as specified by the NHS Fraud, Corruption and Bribery Manual and guidance.
- 2.5.3 The Local Anti-Fraud Specialist shall report to BNHSFT Director of Finance and Procurement and shall work with staff in NHS Protect) in accordance with the NHS Fraud, Corruption and Bribery Manual.
- 2.5.4 The Local Anti-Fraud Specialist will provide a written report, at least annually, on counter fraud work within BNHSFT.

2.6 Security Management

- 2.6.1 In line with their responsibilities, BNHSFT Chief Executive will monitor and ensure compliance with the conditions of the NHS Standard Contract on NHS security management.
- 2.6.2 BNHSFT shall nominate a suitable person to carry out the duties of the Local Security Management Specialist (LSMS) as specified by the conditions of the NHS Standard Contract guidance on NHS security management.
- 2.6.3 The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the Security Management Director (SMD) and the appointed Local Security Management Specialist (LSMS).

3. PLANNING, BUDGETS, BUDGETARY CONTROL AND MONITORING

3.1 Preparation and Approval of Plans and Budgets

- 3.1.1 In accordance with paragraph 27, Schedule 1, of the 2006 Act, the Compliance Framework and Annual Planning Guidance issued by Monitor, BNHSFT will prepare and submit to Monitor an Annual Plan for publication. This will be developed and approved by the Board and will set out, *inter alia*, its strategic plans and income and expenditure projections for the following three financial years.
- 3.1.2 Prior to the start of the financial year the Director of Finance and Procurement will, on behalf of the Chief Executive, prepare and submit an Annual Revenue Budget for approval by the Board. Such budget will:
- (a) be in accordance with the aims and objectives set out in the Annual Plan;
 - (b) accord with workload and manpower plans;
 - (c) be produced following discussion with appropriate budget holders;

- (d) be prepared within the limits of available income;
 - (e) identify all sources of income;
 - (f) identify potential risks;
 - (g) enable BNHSFT to comply with the requirements of the Prudential Borrowing Code set by the Independent Regulator
- 3.1.3 The plan must be submitted to Monitor in the required format.
- 3.1.4 The Director of Finance and Procurement shall monitor financial performance against budget and plan, periodically review them, and report to the Board.
- 3.1.5 All budget holders must provide information as required by the Director of Finance and Procurement to enable budgets to be compiled.
- 3.1.6 The Director of Finance and Procurement has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage their budgets successfully.

3.2 Budgetary Delegation

- 3.2.1 Budgets will be delegated to Executive Directors and Managers in accordance with the Scheme of Delegation.
- 3.2.2 Budget holders must not allow expenditure budgets to be exceeded.
- 3.2.3 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Director of Finance and Procurement subject to any authorised use of virement.
- 3.2.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Director of Finance and Procurement.

3.3 Budgetary Control and Reporting

- 3.3.1 The Director of Finance and Procurement will devise and maintain systems of budgetary control. These will include:
- (a) monthly financial reports to the Board and Finance and Investment Committee in a form approved by the Board containing:
 - (i) income and expenditure to date showing trends and forecast year-end position;
 - (ii) movements in working capital;
 - (iii) movements in cash and capital and performance within the Prudential Borrowing Code;
 - (v) explanations of any material variances from plan;
 - (vi) details of any corrective action where necessary and the Director of Finance and Procurement's view of whether such actions are sufficient to correct the situation;
 - (b) the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;

- (c) investigation and reporting of variances from financial, workload and manpower budgets;
- (d) monitoring of management action to correct variances; and
- (e) arrangements for the authorisation of budget transfers.
- (f) arrangements for the issuing of Divisional and Directorate budget control totals prior to the start of the financial year as detailed in the Financial Management Framework

3.3.2. Divisions and Directorates will be required to certify prior to start of each quarter that they will live within their budget control total for the year. This certification will be signed off by the Divisional/Directorate Management Team and based on activity forecasts which will include:-

- month by month income, pay and non pay forecast including recurrent/non-recurrent analysis
- month by month projection of savings schemes including recurrent/non recurrent analysis
- month by month projection of contract performance re penalties/CQUINs and best tariff practice adjustments
- month by month analysis of downside risks.

3.3.3 The control totals for income, pay and non pay can only be changed following agreement from the Capital and Revenue Investment Group (CRIG)

3.3.4 Within each Division/Directorate each Budget Holder is responsible for ensuring that:

- (a) any likely overspending or reduction of income which cannot be met by an approved virement is not incurred;
- (b) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised
- (c) no permanent employees are appointed Director of Finance and Procurement other than those provided for within the available resources and manpower establishment as approved by the Board.

3.3.5 The delivery of savings targets in accordance with the requirements of the Annual Plan and a balanced budget are the responsibility of each Division/Directorate and will be performance managed by the Executive Board.

3.4 Capital Expenditure (See also SFI 11)

3.4.1 The Director of Finance and Procurement will chair the CRIG will prepare a detailed annual and five year capital programme for approval by the Board prior to the start of the relevant financial year.

3.4.2 The Director of Finance and Procurement will provide monthly reports to the Finance and Investment Committee monitoring progress against the capital budget and authority to approve cost increases/virements.

3.4.3 The CRIG will approve capital business cases within its delegated authority,

3.4.3 Delegation of the capital budget shall be in accordance with the Scheme of Delegation.

3.5 Monitoring Returns

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

4. ANNUAL ACCOUNTS AND REPORTS

- 4.1 In accordance with Schedule 7 (paragraph 25) of the 2006 Act and BNHSFT's Constitution, BNHSFT must keep accounts, and in respect of each financial year must prepare annual accounts, in such form as the Regulator may, with the approval of the Treasury, direct. These responsibilities will be carried out by the Director of Finance who, on behalf of BNHSFT, will:-

- (a) prepare annual accounts in accordance with the Regulator's Manual of Accounts and any other guidance from the same, BNHSFT's accounting policies and generally accepted accounting practice;
- (b) prepare and submit annual accounts to the Board and an audited summary of the Main Financial Statements to an annual members meeting convened by the Council of Governors, certified in accordance with current guidelines;
- (c) lay a copy of the annual accounts, and any report of the external (financial) auditor thereon, before Parliament and subsequently send them to the Regulator.

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

- 4.3 BNHSFT's annual accounts must be audited by the external (financial) auditor appointed by the Council of Governors and be presented at the annual members meeting referred to in 4.1 (b) above.

- 4.4 In accordance with Schedule 7 (paragraph 26) of the 2006 Act, BNHSFT will also prepare an annual report which, after approval by the Board, will be presented to the Council of Governors. It will then be published and made available to the public and also submitted to the Regulator. The annual report will comply with the Regulator's Annual Report Guidance for NHS Foundation Trusts and will include, inter alia:

- (a) information on the steps taken by BNHSFT to ensure that the actual membership of the various constituencies (public ,patients and staff) is representative of those eligible for such membership;
- (b) the Annual Accounts of BNHSFT in full or summary form;
- (c) details of relevant directorships and other significant interests held by Board members;
- (d) composition of the Audit Committee and of the Remuneration and Terms of Service Committee;
- (e) remuneration of the Chair, the Non-Executive Directors and Executive Directors, on the same basis as those specified in the Companies Act;
- (f) a statement of assurance by the Chief Executive in respect of organisational controls and risk management within BNHSFT (as per HSC 1999/123;

(g) any other information required by the Regulator.

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

5. BANK AND GBS ACCOUNTS

5.1 General

5.1.1 Subject to approval by the Finance and Investment Committee, the Director of Finance and Procurement is responsible for managing BNHSFT's banking arrangements and for advising BNHSFT on the provision of banking services and operation of accounts.

5.2 Bank and GBS Accounts

5.2.1 The Director of Finance and Procurement is responsible for:

- (a) bank accounts and Government Banking Service (GBS) accounts;
- (b) establishing separate bank accounts for BNHSFT's charitable funds;
- (c) ensuring payments made from bank or GBS aggregated accounts do not exceed the amount credited to the account except where arrangements have been made;
- (d) reporting to the Board all arrangements made with BNHSFT's bankers for accounts to be overdrawn.

5.2.2 All accounts shall be held in the name of BNHSFT. No officer other than the Director of Finance shall open any account in the name of BNHSFT or for the purpose of furthering Foundation Trust activities.

5.3 Banking Procedures

5.3.1 Funds belonging to BNHSFT (or the charitable fund) must only be deposited in those accounts authorised by the Director of Finance and Procurement. All such accounts must be in BNHSFT's name (or the name of BNHSFT charitable fund).

5.3.2 The Director of Finance and Procurement 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 BNHSFT's accounts;
- (c) the limit to be applied to any overdraft

5.3.3 The Director of Finance and Procurement must advise BNHSFT's bankers in writing of the conditions under which each account will be operated.

5.4 Tendering and Review

5.4.1 The Director of Finance and Procurement will review the commercial banking arrangements of BNHSFT at regular intervals to ensure they reflect best practice and represent best value for money by periodically seeking competitive tenders for BNHSFT's commercial 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 Finance and Investment Committee. This review is not necessary for GBS accounts.

6. INCOME, FEES AND CHARGES AND SECURITY OF CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUMENTS

6.1 Income Contracts

- 6.1.1 The Chief Executive and/or the Director of Finance and Procurement are responsible for negotiating, approving and signing contracts with CCGs and any other NHS bodies. Contracts will take into account:-

- The NHS Standard Contract
- Everyone Counts (previously the Operating Framework)
- National Code of Conduct

- 6.1.2 BNHSFT will price its service contracts with NHS healthcare commissioners according to national tariffs published by the Department of Health. In areas where the national tariff arrangements do not apply, BNHSFT shall follow the Department of Health's Payment by Results Guidance. .

6.2 NHS Contracts for Provision of Services

- 6.2.1 The Chief Executive, as the Accountable Officer, is responsible for ensuring the Foundation Trust enters into suitable legally binding contracts with NHS Commissioners both for mandatory healthcare services specified in BNHSFT's authorisation agreement with the regulator, and also other healthcare services.

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

- (a) the standards of service quality expected;
- (b) the relevant national service framework
- (c) service priorities contained within BNHSFT's Business Plan and agreed with healthcare commissioners;
- (d) national tariffs published by the department of Health or other agreed local pricing mechanisms where national tariffs do not (yet) apply;
- (e) the need to provide ancillary and other supporting services essential to the delivery of the healthcare involved;
- (f) the need to ensure the provision of reliable and on-going information on service cost, volume and quality;
- (g) previously agreed developments or investment plans

- 6.2.3 The Chief Executive as the Accountable Officer, will need to ensure that regular reports are provided to the Board detailing actual and forecast income from the Contracts with NHS Commissioners and non NHS Commissioners. This analysis will particularly highlight the impact of differences between planned and actual numbers of service users treated and outline any action required to address such variances. Periodically, at intervals to be agreed with the Board, the Chief Executive will also provide information on the impact of differences between the actual cost to BNHSFT of treating service users in individual service lines and the relevant national tariff.

6.3 Income Systems

- 6.3.1 The Director of Finance and Procurement is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due.
- 6.3.2 The Director of Finance and Procurement is also responsible for the prompt banking of all monies received.

6.4 Fees and Charges

- 6.4.1 The Director of Finance and Procurement is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health or by Statute. Independent professional advice on matters of valuation shall be taken as necessary.
- 6.4.2 Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered the guidance in the Department of Health's Commercial Sponsorship – Ethical standards in the NHS shall be followed.
- 6.4.3 All employees must inform the Director of Finance and Procurement promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.

6.5 Debt Recovery

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

6.6 Security of Cash, Cheques and other Negotiable Instruments

- 6.6.1 The Director of Finance and Procurement is responsible for:
- (a) approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable;
 - (b) ordering and securely controlling any such stationery;
 - (c) the provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines;
 - (d) prescribing systems and procedures for handling cash and negotiable securities on behalf of BNHSFT.
- 6.6.2 Official money shall not under any circumstances be used for the encashment of private cheques or IOUs.
- 6.6.3 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 and Procurement.
- 6.6.4 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 BNHSFT is not to be held liable for any

loss, and written indemnities must be obtained from the organisation or individuals absolving BNHSFT from responsibility for any loss.

7. COMPETITIVE TENDERING AND CONTRACTING PROCEDURE - EXPENDITURE

7.1 Duty to comply with Standing Orders and Standing Financial Instructions

The procedure for making all contracts by or on behalf of BNHSFT shall comply with these Standing Financial Instructions.

7.2 EU Directives Governing Public Procurement

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

7.3 National Guidance

BNHSFT shall comply as far as is practicable with the guidance issued by Monitor also taking into account requirements of current accounting standards and “Estate code” in respect of capital investment and estate and property transactions.

7.4 Formal Competitive Tendering

7.4.1 General Applicability

BNHSFT shall ensure that a minimum of four competitive tenders are invited for:

- the supply of goods, materials and manufactured articles,
- the receipt of services, and
- the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens).

One of the following methods must be used:

- written, sealed tenders invited in accordance with the procedure identified at SFI 7.5 below,
- electronic tenders using a system approved by the Director of Finance and Procurement such as EU – Supply” which provides equivalent controls to those identified for written tenders and is administered by the Procurement Department, and
- electronic auction provided that Office of Government Commerce identified procedures are followed.

7.4.2 Exceptions and instances where formal tendering need not be applied (provided they conform to EU directives governing public procurement)

Formal sealed tendering procedures **need not be applied** where the total estimated expenditure does not, or is not reasonably expected to exceed **£50k, however for procurements estimated to cost £10k to £50k a minimum of three competitive written or electronic quotations must be obtained (see 7.6 below).**

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

(provided they conform to EU directives governing public procurement)

- (a) in very exceptional circumstances where the Chief Executive decides that formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate Trust record;
- (b) where the requirement is covered by an existing contract be that national, regional or local;
- (c) 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;
- (d) where specialist expertise is required and is available from only one source;
- (e) 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;
- (f) 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;
- (g) BNHSFT
- (h) The waiving of competitive tendering procedures should not be used to avoid competition or for administrative convenience or to award further work to a consultant originally appointed through a competitive procedure.

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

7.4.4 All waivers must be supported by a completed waiver form justifying the waiver and authorised in accordance with the scheme of delegation.

7.4.5 Items which subsequently breach thresholds after original approval

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

7.5 Contracting/Tendering Procedure

7.5.1 Invitation to tender

- (i) All invitations to tender shall state the date and time as being the latest time for the receipt of tenders.
- (ii) All invitations for written tender shall state that no tender will be accepted unless:

- (a) submitted in a plain sealed package or envelope bearing a pre-printed label supplied by BNHSFT (or the word "tender" followed by the subject to which it relates) and the latest date and time for the receipt of such tender addressed to the Chief Executive or nominated Manager;
- (b) that tender envelopes/ packages shall not bear any names or marks indicating the sender. The use of courier/postal services must not identify the sender on the envelope or on any receipt so required by the deliverer.
- (iii) Every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable.
- (iv) Every tender for building or engineering works (except for maintenance work, when Estmancode guidance shall be followed) shall embody or be in the terms of the current edition of one of the Joint Contracts Tribunal Standard Forms of Building Contract or Department of the Environment (GC/Wks) Standard forms of contract amended to comply with concode; or, when the content of the work is primarily engineering, the General Conditions of Contract recommended by the Institution of Mechanical and Electrical Engineers and the Association of Consulting Engineers (Form A), or (in the case of civil engineering work) the General Conditions of Contract recommended by the Institute of Civil Engineers, the Association of Consulting Engineers and the Federation of Civil Engineering Contractors. These documents shall be modified and/or amplified to accord with Department of Health guidance and, in minor respects, to cover special features of individual projects.

7.5.2 Receipt and safe custody of tenders

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

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

7.5.3 Opening tenders and Register of tenders

- (i) As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened by two senior officers/managers designated by the Chief Executive and not from the originating department.
- (ii) A member of BNHSFT Board will be required to be one of the two approved persons present for the opening of tenders estimated above £50k. The rules relating to the opening of tenders will need to be read in conjunction with any delegated authority set out in BNHSFT's Scheme of Delegation.
- (iii) The 'originating' Department will be taken to mean the Department sponsoring or commissioning the tender.
- (iv) The involvement of Finance Directorate staff in the preparation of a tender proposal will not preclude the Director of Finance and Procurement or any approved Senior Manager from the Finance Directorate from serving as one of the two senior managers to open tenders.
- (v) All Executive Directors/members will be authorised to open tenders regardless of whether they are from the originating department provided that

the other authorised person opening the tenders with them is not from the originating department.

BNHSFT's Secretary will count as a Director for the purposes of opening tenders.

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

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

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

- (viii) Incomplete tenders, i.e. those from which information necessary for the adjudication of the tender is missing, and amended tenders i.e., those amended by the tenderer upon his own initiative either orally or in writing after the due time for receipt, but prior to the opening of other tenders, should be dealt with in the same way as late tenders. (See SFI 7.5.5 below).

7.5.4 Admissibility

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

7.5.5 Late tenders

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

7.5.6 Acceptance of formal tenders

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

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

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

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

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

7.5.7 Tender reports to BNHSFT Board

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

7.5.8 List of approved firms

Building and Engineering Construction Works

- (i) Invitations to tender shall be made only to firms included on the approved list of tenderers compiled in accordance with this Instruction or on the separate maintenance lists compiled in accordance with Health Building Note 00-08 Estatecode(2007)
- ii) Firms included on the approved list of tenderers shall ensure that when engaging, training, promoting or dismissing employees or in any conditions of employment, shall not discriminate against any person because of colour, race, ethnic or national origins, religion or sex, and will comply with the provisions of the Equal Pay Act 1970, the Single Equalities Act 2011 and any amending and/or related legislation.

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

7.5.9 Financial Standing and Technical Competence of Contractors and Suppliers

The Director of Finance and Procurement may make or institute any enquiries he deems appropriate concerning the financial standing and financial suitability of contractors/suppliers. 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.

7.6 Quotations: Competitive and non-competitive

7.6.1 General Position on quotations

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

7.6.2 Competitive quotations

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

7.6.3 Non-Competitive Quotations

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

- (i) the supply of proprietary or other goods of a special character and the rendering of services of a special character, for which it is not, in the opinion of the responsible officer, possible or desirable to obtain competitive quotations;

- (ii) the supply of goods or manufactured articles of any kind which are required quickly and are not obtainable under existing contracts;

All non-competitive quotations must be supported by a completed waiver form justifying competitive quotations have not been obtained, and authorised in accordance with the Scheme of Delegation.

7.6.4 Quotations to be within Financial Limits

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

(provided they conform to EU directives governing public procurement)

7.7 Authorisation of Tenders and Competitive Quotations

Providing that the goods/services have been authorised in accordance with the Scheme of Delegation (see SFI 1.1.2 above), and all the conditions and circumstances set out in these Standing Financial Instructions have been fully complied with, including obtaining waiver authorisation if required, formal authorisation and awarding of a contract will be made by the Procurement Department or the Associate Director of Operations, Estates and Facilities or other department authorised by the Chief Executive or Director of Finance and Procurement.

7.8 Compliance requirements for all contracts

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

- (a) BNHSFT's Standing Orders and Standing Financial Instructions;
- (b) EU Directives and other statutory provisions;
- (c) any relevant directions including, Estatecode and guidance on the Procurement and Management of Consultants;
- (d) such of the NHS Standard Contract Conditions as are applicable.
- (e) contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance.
- (f) Where appropriate contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited.
- (g) In all contracts made by BNHSFT, 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 BNHSFT.

7.9 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.

7.10 Disposals (See also SFI 12)

Competitive Tendering or Quotation procedures shall similarly apply to the disposal of assets except:-

- (a) any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the Chief Executive or his nominated officer;
- (b) obsolete or condemned articles and stores, which may be disposed of in accordance with the disposals policy of BNHSFT;
- (c) items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;

7.11 In-house Services

7.11.1 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. BNHSFT may also determine from time to time that in-house services should be market tested by competitive tendering.

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

- (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 and Procurement representative. For services having a likely annual expenditure exceeding £1 million, a non-officer member should be a member of the evaluation team.

7.11.3 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.

7.11.4 The evaluation team shall make recommendations to the Board.

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

7.12 Applicability of SFIs on Tendering and Contracting to funds held in trust (see overlap with SFI 16)

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

8. TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF BNHSFT BOARD AND EXECUTIVE COMMITTEE AND EMPLOYEES

8.1 Remuneration and Terms of Service

8.1.1 The Board shall establish a 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.

8.1.2 The Committee will:

- (a) advise the Board about appropriate remuneration and terms of service for the Chief Executive, other Executive Directors and other senior employees including:
 - (i) all aspects of salary (including any performance-related elements/bonuses);
 - (ii) provisions for other benefits, including pensions and cars;
 - (iii) arrangements for termination of employment and other contractual terms;
- (b) make such recommendations to the Board on the remuneration and terms of service of officer members of the Board (and other senior employees) to ensure they are fairly rewarded for their individual contribution to BNHSFT - having proper regard to BNHSFT's circumstances and performance and to the provisions of any national arrangements for such members and staff where appropriate;
- (c) monitor and evaluate the performance of individual officer members (and other senior employees);
- (d) advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.

The Committee shall report in writing to the Board the basis for its recommendations. The Board shall use the report as the basis for their decisions, but remain accountable for taking decisions on the remuneration and terms of service of Executive Directors. Minutes of the Board's meetings should record such decisions.

The Board will after due consideration and amendment if appropriate approve proposals presented by the Chief Executive for the setting of remuneration and conditions of service for those employee not covered by the Committee.

8.1.3 BNHSFT will remunerate the Chairman and non-executive directors of the Board in accordance with resolutions of the Council of Governors.

8.2 **Funded Establishment**

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

8.2.2 Remuneration in terms and conditions of other employees will follow nationally negotiated settlements unless otherwise agreed by the Board.

8.2.3 The funded establishment of any department may not be varied except in accordance with the Scheme of Delegation.

8.3 **Staff Appointments**

8.3.1 No officer or Member of BNHSFT 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:

- (a) unless authorised to do so by the Director of Workforce & Organisational Development;

- (b) and within the limit of their approved budget and funded establishment.

8.4 Processing Payroll

8.4.1 The Director of Finance and Procurement is responsible for:

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

8.4.2 The Director of Finance and Procurement will issue instructions regarding:

- (a) verification and documentation of data;
- (b) the timetable for receipt and preparation of payroll data and the payment of employees and allowances;
- (c) maintenance of subsidiary records for superannuation, income tax, 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;
- (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 bank credit or cheque to employees and officers;
- (i) procedures for the recall of bank credits;
- (j) pay advances and their recovery;
- (k) maintenance of regular and independent reconciliation of pay control accounts;
- (l) separation of duties of preparing records
- (m) a system to ensure the recovery from those leaving the employment of BNHSFT of sums of money and property due by them to BNHSFT.

8.4.3 Appropriately nominated managers have delegated responsibility for:

- (a) submitting time records, and other notifications in accordance with agreed timetables;
- (b) completing time records and other notifications in accordance with the Director of Finance and Procurement's instructions and in the form prescribed by the Director of Finance and Procurement;
- (c) submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's or officer's resignation, termination or retirement. Where an employee fails to report for duty or to

fulfill obligations in circumstances that suggest they have left without notice, the Director of Finance and Procurement and appropriate Payroll Officer must be informed immediately.

- 8.4.4 Regardless of the arrangements for providing the payroll service, the Director of Finance and Procurement 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.

8.5 Contracts of Employment

- 8.5.1 The Director of Workforce & Organisational Development will have responsibility for:
- (a) ensuring that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation;
 - (b) dealing with variations to, or termination of, contracts of employment.

9. NON-PAY EXPENDITURE

9.1 Delegation of Authority

- 9.1.1 The Board will approve the level of non-pay expenditure on an annual basis as part of the Annual Revenue Budget.
- 9.1.2 Authority to place requisitions will be in accordance with the Scheme of Delegation

9.2 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services (see overlap with SFI 7)

9.2.1 Requisitioning

The requisitioner, in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for BNHSFT. In so doing, the requisitioner will utilise contracts available to BNHSFT or cooperate in a competitive exercise as described in SFI 7 above. Where this is not acceptable to the requisitioner, the Director of Finance and Procurement (and/or the Chief Executive) shall be consulted.

9.2.2 System of Payment and Payment Verification

The Director of Finance and Procurement shall be responsible for the prompt payment of accounts and claims. Payment of contract invoices shall be in accordance with contract terms.

9.2.3 The Director of Finance and Procurement 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 Financial Instructions and regularly reviewed;
- (b) be responsible for the prompt payment of all properly authorised accounts and claims;

- (c) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
- (i) A list of officers authorised to certify invoices.
 - (ii) Certification that:
 - goods and services have been requisitioned via an official order of BNHSFT unless specifically exempted by the Director of Finance and Procurement
 - goods have been duly received, examined and are in accordance with specification and the prices are correct
 - work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
 - in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;
 - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
 - the account is arithmetically correct;
 - the account is in order for payment.
 - (iii) A timetable and system for submission to the Director of Finance and Procurement of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment.
 - (iv) Instructions to employees regarding the handling and payment of accounts within the Finance Department.
- (d) be responsible for ensuring that payment for goods and services is only made once the goods and services are received. The only exceptions are set out in SFI 9.2.4 below.

9.2.4 **Prepayments**

Prepayments will only be permitted where prepayment is the normal commercial practice for the service concerned, e.g. leases and maintenance agreements, in which case the service should be competitively tendered to ensure that the financial advantages of prepayment outweigh the disadvantage in terms of loss of interest and taking into account the financial standing of the company concerned and the associated financial risk.

- 9.2.5 No other prepayments should be made without the agreement of the Director of Finance and Procurement following a written report justifying the need for prepayment, the financial advantages, disadvantages and risks.

9.2.6 In all cases 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.

9.2.7 **Official orders**

Official Orders must:

- (a) be consecutively numbered;
- (b) be in a form approved by the Director of Finance and Procurement;
- (c) state BNHSFT's terms and conditions of trade;
- (d) only be issued to, and used by, those duly authorised by the Chief Executive or Director of Finance and Procurement.

9.2.8 **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 Procurement and that:

- (a) all contracts (except as otherwise provided for in the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Director of Finance and Procurement in advance of any commitment being made;
- (b) contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement;
- (c) where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health;
- (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, or has in any other way breached the Bribery Act other than:
 - (i) isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;
 - (ii) conventional hospitality, such as lunches in the course of working visits;

(This provision needs to be read in conjunction with Standing Orders and the principles outlined in the national guidance contained in HSG 93(5) "Standards of Business Conduct for NHS Staff"); and the Bribery Act

- (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 and Procurement on behalf of the Chief Executive;
- (f) all goods, services, or works are ordered on an official order except works and services executed in accordance with a contract and purchases from petty cash;
- (g) verbal orders must only be issued very exceptionally - by a departmental manager, divisional manager, divisional nurse or executive director and only in cases of emergency or urgent necessity. An official order number must be obtained in advance from the Procurement Department.

- (h) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- (i) goods are not taken on trial or loan in circumstances that could commit BNHSFT 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 and Procurement;
- (k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance and Procurement;
- (l) petty cash records are maintained in a form as determined by the Director of Finance and Procurement.

9.2.9 The Chief Executive and Director of Finance and Procurement shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within Health Building Note 00-08 Estatecode. (The technical audit of these contracts shall be the responsibility of the relevant Director.

10. EXTERNAL BORROWING AND INVESTMENTS

10.1 Borrowing

10.1.1 All new loans must be approved by the Board. Any draw-down against working capital facilities must be reported to the next meeting of the Board.

10.1.2 The Director of Finance and Procurement is responsible for ensuring that BNHSFT does not break its Prudential Borrowing Limit as determined by Monitor, and for reporting periodically to the Board BNHSFT's position against this limit and any associated risks.

10.1.3 The Director of Finance and Procurement will advise the Board concerning BNHSFT's ability to pay dividend and/or interest on, and repay, Public Dividend Capital and any proposed new borrowing. The Director of Finance and Procurement is also responsible for reporting periodically to the Board concerning the PDC debt and all loans and overdrafts.

10.1.4 The Director of Finance and Procurement must prepare detailed procedural instructions concerning applications for loans and overdrafts, including authorised signatories, for approval by the Finance and Investment Committee. These must comply with instructions issued by Monitor.

10.2 Investments

10.2.1 The Director of Finance and Procurement will prepare a Treasury Management Policy and procedures for approval by the Finance and Investment Committee. This will, *inter alia*, seek to obtain competitive rates of interest with minimum exposure to risk. The Finance Director will report periodically to the Finance and Investment Committee in relation to investments and performance.

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

11.1 Capital Investment

- 11.1.1 The Director of Finance and Procurement, as Chair of the CRIG:
- (a) shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon business plans;
 - (b) is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;
 - (c) shall ensure that the capital investment is not undertaken without the necessary capital financing and the availability of resources to finance all revenue consequences, including capital charges.
- 11.1.2 For every capital expenditure proposal the Director of Finance and Procurement shall ensure:
- (a) that a business case is produced setting out:
 - (i) an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
 - (ii) the involvement of appropriate Trust personnel and external agencies;
 - (ii) appropriate project management and control arrangements;
 - (b) that where applicable Monitor's guidance eg "Risk Evaluation for Investment Decisions by NHS FTs" is follows.
 - (c) that the Director of Finance and Procurement has certified professionally to the costs and revenue consequences detailed in the business case.
- 11.1.3 For capital schemes where the contracts stipulate stage payments, the Director of Finance and Procurement will issue procedures for their management, incorporating the recommendations of "Estatecode".
- 11.1.4 The Director of Finance and Procurement shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with Inland Revenue guidance.
- 11.1.5 The Director of Finance and Procurement shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.
- 11.1.6 The approval of a capital programme shall not constitute approval for expenditure on any scheme unless:
- (a) the funding has been confirmed in the annual capital budget for the year, and
 - (b) the cost of the scheme remains within the sum allocated whilst still delivering the benefits identified in the business case.
 - (c) the supporting Business Case has been approved by the CRIG.
- 11.1.7 Where the forecast of costs of any scheme rises above the sum allocated in the capital budget, the Director of Finance and Procurement must immediately be notified. Cost increases/virements of up to £50k may be approved by the Chief Executive or Director of Finance and Procurement between meetings and reported to the next meeting of the CRIG . Cost increases/virements of greater than £50k

will require prior approval of the Executive Board and no contractual commitment should be entered into unless approved by the Executive Board (or the Board).

- 11.1.8 For schemes estimated to cost over £1m the approval of the Board should additionally be sought prior to tender.
- 11.1.9 The Chief Executive will issue a scheme of delegation for capital investment management in accordance with "Estatecode" guidance and BNHSFT's Standing Orders.
- 11.1.10 The Director of Finance and Procurement shall approve procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes.

11.2 Asset Registers

- 11.2.1 The Chief Executive is responsible for the maintenance of registers of capital assets, taking account of the advice of the Director of Finance and Procurement 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.
- 11.2.2 The Chief Executive is also responsible for the maintenance of a publicly available extract of the capital asset register identifying land and/or buildings owned or leased by BNHSFT. This public register must identify separately
 - (a) any land and buildings which are not required for the provision of mandatory goods and services and are thus not protected, and
 - (b) any land and buildings which are currently required for the provision of mandatory goods and services, but are planned for disposals in the current financial year.
- 11.2.3 Capital assets must not be sold, scrapped, or otherwise disposed of without prior approval of the Director of Finance and Procurement. Their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).
- 11.2.4 The Director of Finance and Procurement shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 11.2.5 Capital assets will be valued and depreciated in accordance with current accounting and reporting standards and guidance issued by Monitor.

11.3 Security of Assets

- 11.3.1 The overall control of fixed assets is the responsibility of the Chief Executive.
- 11.3.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Director of Finance and Procurement. 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.
- 11.3.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Director of Finance and Procurement.
- 11.3.4 Whilst each employee and officer has a responsibility for the security of property of BNHSFT, it is the responsibility of Board members and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the Board. Any breach of agreed security practices must be reported in accordance with agreed procedures.
- 11.3.5 Any damage to BNHSFT's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by Board members and employees in accordance with the procedure for reporting losses.
- 11.3.6 Where practical, assets should be marked as Trust property.

12. STORES AND RECEIPT OF GOODS

12.1 General position

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

12.2 Control of Stores, Stocktaking, condemnations and disposal

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

12.2.5 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Director of Finance and Procurement.

12.2.6 The designated Manager shall be responsible for a system approved by the Director of Finance and Procurement 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 and Procurement any evidence of significant overstocking and of any negligence or malpractice (see also overlap with SFI 13, Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

12.3 Goods supplied by NHS Supply Chain

12.3.1 For goods supplied via the NHS Supply Chain central warehouses, the Director of Finance and Procurement shall identify those authorised to requisition and accept goods from the store. The authorised person shall check receipt against the delivery note and notify any discrepancies to the Procurement Department who will pursue correction of delivery or a credit note.

13. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

13.1 Disposals and Condemnations (See also SFI 7.1)

13.1.1 Protected land and buildings must not be sold or otherwise disposed of. No land or buildings may be sold or otherwise disposed of without the approval of the Board.

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

13.1.3 When it is proposed to dispose of a Trust asset, the Head of Department or Divisional General Manager will liaise with the Supplies & Procurement Department and advise the Director of Finance and Procurement of the estimated market value of the item, taking account of professional advice where appropriate.

13.1.4 All unserviceable articles shall be:

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

13.1.5 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 and Procurement who will take the appropriate action.

13.2 Losses and Special Payments

13.2.1 Procedures

The Director of Finance and Procurement must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments.

- 13.2.2 Any employee discovering a suspected fraud must report the matter to the Local Anti-Fraud Specialist (LAFS) in accordance with the Fraud, Corruption and Bribery Policy.
- 13.2.3 Any employee discovering or suspecting any other loss must either immediately inform their head of department or the Security Department who will then appropriately inform the Director of Finance and Procurement .
- The Director of Finance and Procurement must notify the NHS Protect Services and the External Auditor of all frauds.
- 13.2.4 Special payments eg payments not under legal obligation (or ex gratia) may only be made with the approval of the Finance and Investment Committee unless authorised under the Scheme of Delegation.
- 13.2.5 The Director of Finance and Procurement shall be authorised to take any necessary steps to safeguard BNHSFT's interests in bankruptcies and company liquidations.
- 13.2.6 For any loss, the Director of Finance and Procurement should consider whether any insurance claim can be made.
- 13.2.7 The Director of Finance and Procurement shall maintain a Losses and Special Payments Register in which write-off action is recorded.
- 13.2.8 All losses and special payments must be reported to the Audit Committee.

14. INFORMATION TECHNOLOGY

- 14.1 **Responsibilities and duties of the Director of Finance and Procurement**
- 14.1.1 **BNHSFT**, under the terms of its Authorisation agreement, is required to participate in the national programme for information technology (optional for clinical systems), in accordance with any guidance issued by the Regulator. This requirement extends to the Director of Finance and Procurement in fulfilling his/her responsibilities and duties for the computerised financial data of BNHSFT as set out below:
- (a) to devise and implement any necessary procedures to ensure adequate (reasonable) protection of BNHSFT's data, programs and computer hardware for which the Director is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998;
 - (b) to 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) to ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
 - (d) to ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as the Director may consider necessary are being carried out.
- 14.1.2 The Director of Finance and Procurement shall need to ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by

another organisation, assurances of adequacy must be obtained from them prior to implementation.

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

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

- 14.2.1 The Director of Service Development and the Director of Finance and Procurement will similarly be jointly responsible for ensuring the accuracy and security of other computerised information eg patient related data of BNHSFT.

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

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

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

14.4 Risk Assessment

BNHSFT's Senior Information Risk Officer (SIRO), shall ensure that risks to BNHSFT 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.

14.5 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 and Procurement shall need to be satisfied that:

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

15. PATIENTS' PROPERTY

- 15.1 BNHSFT 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.

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

- notices and information booklets; (**notices are subject to sensitivity guidance**)
- hospital admission documentation and property records;
- the oral advice of administrative and nursing staff responsible for admissions,

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

- 15.3 The Director of Finance and Procurement must provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients' property (including instructions on the disposal of the property of deceased patients and of patients transferred to other premises) for all staff whose duty is to administer, in any way, the property of patients. Due care should be exercised in the management of a patient's money in order to maximise the benefits to the patient.
- 15.4 In all cases where property of a deceased patient is of a total value in excess of £5,000 (or such other amount as may be prescribed by any amendment to the Administration of Estates, Small Payments, Act 1965), the production of Probate or Letters of Administration shall be required before any of the property is released. Where the total value of property is £5,000 or less, forms of indemnity shall be obtained.
- 15.5 Staff should be informed, on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.
- 15.6 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.

16. CHARITABLE FUNDS (FUNDS HELD ON TRUST)

16.1 Corporate Trustee

- (1) BNHSFT Board is the corporate trustee of the Charitable Fund(s).
- (2) The discharge of BNHSFT's corporate trustee responsibilities are distinct from its responsibilities for exchequer funds and may not necessarily be discharged in the same manner, but there must still be adherence to the overriding general principles of financial regularity, prudence and propriety.

The Board may delegate such trustee functions as it determines to the Charitable Funds Committee subject to written terms of reference approved by the Board. The Board must receive and adopt the annual accounts of the Charitable Fund(s).

16.2 Accountability to Charity Commission

BNHSFTee responsibilities must be discharged separately and full recognition given to BNHSFT's accountability to the Charity Commission for charitable funds held on trust.

16.3 Applicability of Standing Financial Instructions to funds held on trust

- (1) In so far as it is possible to do so, these Standing Financial Instructions will apply to the management of funds held on trust. (See overlap with SFI 7.12).

- (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.

17. ACCEPTANCE OF GIFTS BY STAFF AND LINK TO STANDARDS OF BUSINESS CONDUCT

The Director of Finance and Procurement shall ensure that all staff are made aware of BNHSFT policy on acceptance of gifts and other benefits in kind by staff. This policy follows the guidance contained in the Department of Health circular HSG (93) 5 'Standards of Business Conduct for NHS Staff' and is also deemed to be an integral part of these Standing Orders and Standing Financial Instructions.

18. RETENTION OF RECORDS

- 18.1 The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with Department of Health guidelines and BNHSFT's Record Management Policy.
- 18.2 The records held in archives shall be capable of retrieval by authorised persons. The access restrictions applies to both paper and digital records.
- 18.3 Records held in accordance with latest Department of Health guidance shall only be destroyed at the express instigation of the Chief Executive. Detail shall be maintained of records so destroyed.

19. RISK MANAGEMENT AND INSURANCE

19.1 Programme of Risk Management

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

The programme of risk management shall include:

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

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

19.2 Insurance

- 19.2.1 The Chief Executive in consultation with his designated officer(s) shall be responsible for ensuring adequate insurance cover is effected in accordance with risk management policy approved by the Board.
- 19.2.2 Each officer shall promptly notify the designated officer of all new risks or property under his control, which require to be insured, and of any alterations affecting existing risks or insurances.
- 19.2.3 The designated officer shall ascertain the amount of cover required and shall affect such insurances as are necessary to protect the interests of BNHSFT.
- 19.2.4 The Chief Executive or his designated officer shall make all claims arising out of policies of insurance and each officer shall furnish the Director of Finance immediately with full particulars of any occurrence involving actual or potential loss to BNHSFT and shall furnish an estimate of the probable cost involved.
- 19.2.5 The Director of Finance shall ensure that all engineering plant under BNHSFT's control is inspected by the relevant insurance companies within the periods prescribed by legislation.
- 19.2.6 The value of all assets and risks insured shall be reviewed or index-linked on an annual basis by the designated officer.
- 19.2.7 The relevant Directors shall decide if BNHSFT will insure through the risk pooling schemes administered by the NHS Litigation Authority or enter into arrangements with commercial insurers.
- 19.2.8 Where the risk pooling schemes are used the relevant Directors shall ensure the arrangements entered into are appropriate and complementary to the risk management programme. The relevant Directors shall ensure that documented procedures cover these arrangements.
- 19.2.9 The risk pooling schemes for Trusts requires members to contribute to the settlement of claims (the 'deductible'). The relevant Directors shall ensure that documented procedures also cover the management of claims and payments below the deductible in each case.
- 19.2.10 The relevant Directors shall ensure documented procedures cover the management of claims and payments in respect of the arrangements with commercial insurers.
- 19.2.11 BNHSFT may purchase and maintain insurance against this liability for its own benefit and for the benefit of members of the council and the Board and the Secretary.

Equality Impact Assessment Initial Screening Tool

This Initial Screening Tool is the first step in completing an Equality Impact Assessment (EIA) of your 'activity' (strategies, functions, policies, procedures, projects, services etc). Once this is completed, it will be apparent whether or not a full EIA is required.

This proforma should be used in conjunction with the EIA Guidance available on the Trust's intranet website under A-Z Services, using the Equality & Diversity link, where you will also find links to the Trust's Single Equality Human Rights Scheme (SEHRS).

| | | | | | |
|---|--------------------------------------|--|----|--|-----------|
| 1. Directorate | Finance, Information and Procurement | | | | |
| 2. Department/Division | Finance | | | | |
| 3. Name of 'activity' being assessed | Standing Financial Instructions | | | | |
| 4. Person completing this form | Catherine Hulme | | | | |
| 5. Date | 25 February 2014 | | | | |
| 6. Monitoring data/statistics – compare 'activity' data with 'population' data (see Guidance) | | | | | |
| <u>Patients</u> | | <u>Staff</u> | | | |
| Equality Target Groups (ETGs) (See guidance for detail) | | 7. Which of the following Equality Target Groups will this 'activity' impact on? | | 8. Could this 'activity' have a positive and/or negative impact? | |
| | | yes | no | Positive* | Negative* |
| A. Age | | | | | |
| B. Disability | | | | | |
| C. Gender | | | | | |
| D. Race | | | | | |
| E. Religion/Belief | | | | | |
| F. Language | | | | | |
| G. Sexual Orientation | | | | | |
| H. Gypsy/Roma/Traveller | | | | | |
| I. Carers | | | | | |
| J. Employees | | √ | | √ | √ |
| 9. Consultation/Involvement – during the development of this activity? (see Guidance) | | | | | |
| <ul style="list-style-type: none"> • Internal Audit • Audit Commission • Local Counter Fraud Specialist • Director of Finance • Senior Managers • NHS Bolton finance staff • Audit Committee | | | | | |
| 10. Details of positive and negative impacts | | | | | |
| <u>Positive Impacts</u> | | | | | |
| To ensure Bolton NHS Foundation Trust has an up to date, clear, comprehensive and accessible set of Standing Financial in place. | | | | | |

Negative Impacts

Staff may be unaware of changes

11. Give details of actions required to remedy any negative impact(s) identified above.

| Action to address negative impact | Who | Target Date |
|-----------------------------------|-----------------|-------------|
| Communicate to all budget holders | Catherine Hulme | March 2014 |
| | | |

12. If the actions in 11 above are completed (answer Yes or No) revisit section 12 when action in 11 complete

| | Age | Disability | Gender | Race | Religion/Belief | Language | Sexual Orientation | Gypsy/roma Traveller | Carers | Employees | |
|---|--|------------|------------|--------|-----------------|-----------------|--------------------|----------------------|----------------------|-----------|-----------|
| Negative Impact | 1. Will the activity present any problems or barriers to any community or group? | No | No | No | No | No | No | No | No | No | |
| | 2. Will any group of people be excluded as a result of your activity? | No | No | No | No | No | No | No | No | No | |
| | 3. Does the activity have the potential to worsen existing discrimination and inequality? | No | No | No | No | No | No | No | No | No | |
| | 4. Will the activity have a negative effect on community relations ? | No | No | No | No | No | No | No | No | No | |
| Positive impact | Could the activity reduce inequalities? Will it... (answer Yes or No) | Age | Disability | Gender | Race | Religion/Belief | Language | Sexual Orientation | Gypsy/roma Traveller | Carers | Employees |
| | 5. Promote equality of opportunity ? | No | No | No | No | No | No | No | No | No | |
| | 6. Eliminate discrimination ? | No | No | No | No | No | No | No | No | No | |
| | 7. Eliminate harassment ? | No | No | No | No | No | No | No | No | No | |
| | 8. Promote good community relations ? | No | No | No | No | No | No | No | No | No | |
| | 9. Promote positive attitudes towards disabled people? | No | No | No | No | No | No | No | No | No | |
| | 10. Encourage the participation of disabled people? | No | No | No | No | No | No | No | No | No | |
| | 11. Consider more favourable treatment of disabled people? | No | No | No | No | No | No | No | No | No | |
| 12. Promote and protect human rights ? | No | No | No | No | No | No | No | No | No | | |

Decision

Work through the flowchart on page 24 of the Guidance, to determine whether you need to complete a Full EIA or not.

Details of any objective justifications or amendments agreed with Divisional E&D Lead:

Full EIA required? Yes No

Completed by: Catherine Hulme

Date approved by Audit Committee: July 2013
Job Title: Head of Financial Services

Thank you for completing this EIA initial screening tool.