



**Bolton**  
NHS Foundation Trust

# STANDING FINANCIAL INSTRUCTIONS

January 2024

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## **STANDING FINANCIAL INSTRUCTIONS**

### **1. INTRODUCTION**

#### **1.1.1 Use and Application**

- 1.1.2 These Standing Financial Instructions are issued by the Board of Bolton NHS Foundation Trust (the Trust). They will have effect as if incorporated in the Standing Orders.
- 1.1.3 These Standing Financial Instructions detail the financial regulations adopted by the Trust. They are designed to ensure that financial matters are carried out in accordance with the law and relevant Government policy in order to achieve probity, accuracy, and value for money. The Standing Financial Instructions should be used in conjunction with the Financial Scheme of Delegation which sets out powers and financial limits of the Board, its Committees and the Executive.
- 1.1.4 These Standing Financial Instructions apply to all employees, agency, locum or temporary staff working for the Trust. They also apply to wholly owned subsidiaries, hosted functions and organisations and the Trust Charity unless separate arrangements have been agreed by the Board. Standing Financial Instructions do not provide detailed advice or policies and should therefore be used in conjunction with financial procedure notes.
- 1.1.5 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Director of Finance must be sought.
- 1.1.6 Wherever the title Chief Executive or Director of Finance is used in these instructions, it shall be deemed to include such other directors or employees as have been duly authorised to represent them.

#### **1.2 Failure to Comply**

- 1.2.1 Failure to comply with Standing Financial Instructions and Standing Orders can in certain circumstances be regarded as a disciplinary matter.
- 1.2.2 Deliberate failure to comply with Standing Financial Instructions could constitute fraud or theft and result in criminal action being taken.
- 1.2.3 If for any reason these Standing Financial Instructions are not complied with, full details should be reported to the Director of Finance who will advise on the appropriate course of action. This will include deciding whether to report to the Audit Committee and/or the Board if the breach is significant.
- 1.2.4 All members of the Board and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Director of Finance as soon as possible.

### **1.3 The Role of the Board**

1.3.1 The Board exercises financial supervision and control by:-

- (a) approving the financial strategy;
- (b) approving of budgets within overall income;
- (c) approving important financial policies and systems;
- (d) approving the Financial Scheme of Delegation; and
- (e) receiving regular assurance on financial strategy and performance.

### **1.4 The Role of the Chief Executive**

1.4.1 The Chief Executive may delegate their detailed duties and responsibilities, but retain accountability under these Standing Financial Instructions.

1.4.2 By law, the Chief Executive of an NHS Foundation Trust is the Accounting Officer. The responsibilities of the Accounting Officer are contained in guidance issued by the Regulator and include the requirement to ensure that:-

- (a) there is a high standard of financial management in the NHS Foundation Trust as a whole;
- (b) there is efficient and economical conduct of its business and safeguards financial propriety and regularity throughout the organisation; and
- (c) financial considerations are fully taken into account in decisions by the NHS Foundation Trust.

1.4.3 It is a duty of the Chief Executive to ensure that the Board and all employees understand their responsibilities within these Standing Financial Instructions.

### **1.5 The Role of the Director of Finance**

1.5.1 The Director of Finance will carry out duties and responsibilities where delegated by the Chief Executive under these Standing Financial Instructions.

1.5.2 The Director of Finance may delegate their detailed duties and responsibilities, but retain accountability under these Standing Financial Instructions.

1.5.3 The Director of Finance is accountable for:-

- (a) design and implementation of financial policies;
- (b) maintaining an effective system of internal financial control;
- (c) ensuring that sufficient financial records are maintained;
- (d) the provision of strategic financial advice to the Board and employees; and
- (f) the preparation and maintenance of accounts, certificates, estimates, records and reports as required.

## **1.6 The Role of the Board and Employees**

- 1.6.1 The Board and employees must act in the interests of the Trust by:-
- (a) avoiding loss of property and valuables;
  - (b) exercising economy and efficiency in the use of resources; and
  - (c) conforming with the requirements of these Standing Financial Instructions and the Financial Scheme of Delegation.

## **2. AUDIT**

### **2.1 Audit Committee**

- 2.1.1 In accordance with the NHS Foundation Trust Code of Governance, the Board will formally establish an Audit Committee of non-executive directors.
- 2.1.2 The Board will 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 follow guidance from the NHS Audit Committee Handbook.
- 2.1.4 The Audit Committee will meet a minimum of four times a year.

### **2.2 Internal Audit**

- 2.2.1 The Audit Committee will ensure that there is an effective internal audit function established by management that meets mandatory audit standards and provides appropriate independent assurance to the Audit Committee, Chief Executive and Board.
- 2.2.2 Internal Audit is an independent and objective appraisal service within an organisation 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; and
  - (b) an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance arrangements.
- 2.2.3 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;
  - (b) regular updates on the progress against plan;
  - (c) reports of management's progress on the implementation of actions 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. This opinion is used by the Board to inform the Annual Governance Statement; and
  - (e) additional reports as requested by the Audit Committee.
- 2.2.4 The Head of Internal Audit will normally attend Audit Committee meetings and has a right of access to all Audit Committee members, the Chair and Chief Executive of the Trust.
- 2.2.5 The Head of Internal Audit will be accountable to the Director of Finance.
- 2.2.6 The Director of Finance is responsible for ensuring that:-
- (a) there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective Internal Audit function;
  - (b) 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;
  - (c) an annual Internal Audit report is prepared for the consideration of the Audit Committee;
  - (d) 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
  - (e) ensuring that a medium-term Internal Audit Plan (usually three years) is prepared for the consideration of the Audit Committee and the Board.

### **2.3 External Audit**

- 2.3.1 The Audit Committee will review the findings of the external auditor and consider the implications and management responses.
- 2.3.2 In accordance with the relevant legal requirements the governors of the Trust appoint the External Auditor. The Council of Governors should take the lead in agreeing with the Audit Committee the criteria for appointing, re-appointing and removing external auditors. The Council of Governors will need to ensure they have the skills and knowledge to choose the right External Auditor and monitor their performance. However, they should be supported in this task by the Audit Committee, which provides information to the governors on the External Auditor's performance as well as overseeing the Trust's internal financial reporting and internal auditing.
- 2.3.3 The Audit Committee should make recommendations to the council of Governors about the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the external auditor.
- 2.3.4 The Trust and the Council of Governors must ensure compliance with requirements of the relevant Acts as to who may be an auditor for an NHS Foundation Trust.

- 2.3.5 While the Council of Governors may be supported by the Audit Committee in running the process to appoint the external auditor, the Council of Governors must have ultimate oversight of the appointment process.
- 2.3.6 In appointing and monitoring the External Auditor, the Council of Governors should ensure that the audit firm and audit engagement leader have an established and demonstrable standing within the healthcare sector and are able to show a high level of experience and expertise.
- 2.3.7 The responsibilities of the External Auditor are prescribed in National Audit Office Code of Audit Practice.

## **2.4 Counter Fraud, Corruption and Bribery and Security Management**

- 2.4.1 The Audit Committee will satisfy itself that the organisation has adequate arrangements in place for countering fraud. NHS organisations must have appropriate counter fraud arrangements.
- 2.4.2 Failure to comply with Standing Financial Instructions can in certain circumstances be regarded as a disciplinary matter that could result in dismissal. Compliance with this document will be monitored by the Finance Department and all potential breaches of Fraud reported to the Local Counter Fraud Specialist.
- 2.4.3 The Director of Finance will monitor and ensure compliance with the conditions of the NHS Contract Fraud Standards.
- 2.4.4 The Director of Finance is responsible for deciding at what stage to involve the police in cases of theft, fraud, misappropriation and any other irregularities.
- 2.4.5 The Director of Finance will appoint a suitable person to carry out the duties of the Local Counter Fraud Specialist as specified by the NHS Fraud, Corruption and Bribery Manual and guidance.
- 2.4.6 The Local Counter Fraud Specialist will report to the Director of Finance and will work with staff in NHS Protect in accordance with the NHS Fraud, Corruption and Bribery Manual.
- 2.4.7 The Local Counter Fraud Specialist will be responsible for producing counter fraud progress reports and presenting these to the Audit Committee. A Counter Fraud Annual Report and work plan will be produced at the end of each financial year.
- 2.4.8 The Bribery Act (2010) came into force on 1<sup>st</sup> July 2011. Under the Bribery Act it is a criminal offence for organisations to fail to prevent bribes being paid on their behalf. Organisations which fail to take appropriate steps to avoid the risk of bribery taking place will face large fines and even the imprisonment of the individuals involved and those who have turned a blind eye to the problem.
- 2.4.9 The Act:-
  - (a) makes it a criminal offence to give or offer a bribe, or to request, offer to receive or accept a bribe, whether in the UK or abroad (the measures cover bribery of a foreign public official);
  - (b) makes it an offence for a director, manager or officer of a business to allow or turn a blind eye to bribery within the organisation; and
  - (c) introduces a corporate offence of failure to prevent bribery by persons working on behalf of a commercial organisation.



- 2.4.10 The Trust will produce an annual statement to satisfy the compliance requirements of the Bribery Act.
- 2.4.11 In line with their responsibilities, the Chief Executive will monitor and ensure compliance with Directions issued by the Secretary of State for Health and Social Care on NHS Security Management.
- 2.4.12 The Chief Executive has overall responsibility for controlling and coordinating security, however, key tasks are delegated to the Executive Director with lead responsibility for Security Management and a Local Security Management Specialist (LSMS).
- 2.4.13 The LSMS shall regularly report progress to each meeting of the Health and Safety Committee and upwards to the Trust Executive Committee at least quarterly.

## **2.5 Financial Reporting**

- 2.5.1 The Audit Committee will assure the integrity of the annual financial statements of the Trust and any formal announcements relating to the Trust's financial performance.

## **2.6 Scrutiny of Waivers and Registers**

- 2.6.1 The Audit Committee will be responsible for:-
  - (a) scrutinising waivers approved by chief Executive and/or Director of Finance and approving waivers above £1m;
  - (b) scrutinising regular reports on losses and compensations; and
  - (c) scrutinising the registers of interests.

## **2.7 Raising Concerns**

- 2.7.1 Where the Audit Committee considers there is evidence of ultra vires transactions, evidence of improper acts, non-compliance with Standing Financial Instructions, or if there are other important matters that the Committee wishes to raise, the Chair of the Audit Committee should raise the matter at a full meeting of the Board.
- 2.7.2 The Audit Committee should review arrangements by which staff 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.

## **2.8 Access to Records and Information**

- 2.8.1 The Director of Finance 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 the Trust;
  - (c) the production of any cash, stores or other property of the Trust; and
  - (d) explanations concerning any matter under investigation.

## **3. FINANCIAL PLANNING AND MANAGEMENT**

### **3.1 Annual Financial Plans**

- 3.1.1 Prior to the start of the financial year the Director of Finance will prepare and submit an annual financial plan for approval by the Board. The financial plan will:-
- (a) reflect the Trust's annual plan in terms of developments, workforce, performance etc.;
  - (b) be produced following discussion with appropriate budget holders;
  - (c) be prepared within the context of available income;
  - (d) identify potential financial risks;
  - (e) include a cash flow forecast;
  - (f) identify an opening capital plan; and
  - (g) include details of the required level of cost improvement.
- 3.1.2 The financial plan will be submitted to the Regulator in the required format.
- 3.1.3 The Director of Finance will monitor financial performance against the plan and report to the Finance Committee and/or Board and the Regulator.
- 3.1.4 All budget holders must provide information as required by the Director of Finance to enable budgets to be compiled.
- 3.1.5 The Director of Finance has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage their budgets successfully.

### **3.2 Delegation to Budget Holders**

- 3.2.1 Budgets will be delegated in accordance with the Financial Scheme of Delegation.
- 3.2.2 Budget holders must ensure that plans are in place to prevent expenditure budgets from being exceeded.

3.2.3 Any budgeted funds not required for their designated purpose(s) revert to the control of the Director of Finance unless virement is agreed.

3.2.4 Non-recurrent budgets should not be used to finance recurrent expenditure without the authority in writing of the Director of Finance.

### **3.3 Budgetary Control and Reporting**

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

- (a) monthly financial reports to the Board and/or Finance Committee;
- (b) timely and accurate financial reports to each budget holder, covering the areas for which they are responsible;
- (c) investigation and reporting of variances from the budget or plan;
- (d) monitoring of management action to correct variances;
- (e) arrangements for the authorisation of budget transfers;
- (f) determination of budget control totals prior to the start of the financial year; and
- (g) a requirement for a monthly report from Divisional Directors to provide an account of their financial performance and forecast outturn.

3.3.2 Budget Holders are responsible for ensuring that:-

- (a) any 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 without the approval of the Director of Finance other than those provided for within the available resources and manpower establishment as approved by the Board; and
- (d) they take responsibility for the delivery of savings targets in accordance with the requirements of the annual plan.

### **3.4 Capital Planning**

3.4.1 The Board will approve the capital plan as part of the overall financial plan prior to the start of the financial year.

3.4.2 The Board may delegate decision making to the Finance Committee and the Capital Revenue & Investment Group (CRIG) in line with the Financial Scheme of Delegation.

3.4.3 The Director of Finance will provide monthly reports to the Finance Committee monitoring progress against the capital plan.

#### **4. ANNUAL ACCOUNTS AND REPORTS**

- 4.1.1 The Trust must prepare annual accounts in accordance with the requirements of the Regulator. The Director of Finance will make arrangements to:-
- (a) prepare and submit annual accounts in accordance with the Regulator's requirements, accounting policies and generally accepted accounting practice;
  - (b) prepare and submit annual accounts to the Board and an audited summary to an annual members meeting convened by the Council of Governors; and
  - (c) lay a copy of the annual accounts before Parliament.
- 4.1.2 The annual report should include an Annual Governance Statement in accordance with the relevant requirements.
- 4.1.3 The annual accounts must be audited by the external auditor and be presented at the annual members' meeting.
- 4.1.4 The Trust will 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 requirements.

#### **5. BANK AND GBS ACCOUNTS**

##### **5.1 Operation of Accounts**

- 5.1.1 The Director of Finance is responsible for:-
- (a) bank accounts and Government Banking Service (GBS) accounts;
  - (b) ensuring separate bank accounts for charitable funds;
  - (c) ensuring accounts are not overdrawn except where arrangements have been made; and
  - (d) making arrangements for overdrafts if required.
- 5.1.2 All accounts will be held in the name of the Trust. No officer other than the Director of Finance will open any account in the name of the Trust or for the purpose of furthering Trust activities.

##### **5.2 Banking Procedures**

- 5.2.1 Monies belonging to the Trust or its Charity must only be deposited in bank accounts authorised by the Director of Finance. All bank accounts must be in the name of the Trust or its Charity.
- 5.2.2 The Director of Finance will ensure that detailed procedures are in place for the operation of bank and GBS accounts.
- 5.2.3 The Director of Finance will advise the Trust bankers in writing of the conditions under which each account will be operated.

### **5.3 Tendering and Review**

- 5.3.1 The Director of Finance will ensure that banking arrangements are reviewed at regular intervals to ensure they reflect best practice and represent best value for money. This will be through local or national competitive tendering exercises.

## **6. CONTRACTING AND INCOME**

### **6.1 Contracting for Income**

- 6.1.1 The Director of Finance is responsible for negotiating, approving and signing contracts with CCGs and other NHS bodies.
- 6.1.2 The Trust will contract its services in line with either national tariff arrangements or local price agreements.
- 6.1.3 The Director of Finance will ensure that the appropriate contractual arrangements and documentation are in place for all services provided.
- 6.1.4 The Director of Finance will ensure that reports are produced detailing contract performance and income levels.
- 6.1.5 The Director of Finance will ensure the production of reports to show the profitability of services compared to income generated.

### **6.2 Income**

- 6.2.1 The Director of Finance is responsible for designing and maintaining systems for recording, invoicing, collection and coding of income due.
- 6.2.2 Private patient and overseas visitors paying for their treatment, are required as far as possible, to make a pre-payment equal to the estimated cost of treatment prior to admission.

### **6.3 Fees and Charges**

- 6.3.1 The Director of Finance is responsible for approving and regularly reviewing the level of fees and charges.
- 6.3.2 Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is received, the Trust's policy on Standards of Business Conduct and Conflict of Interest must be followed.
- 6.3.3 All employees must inform the Director of Finance promptly of money due from agreements, including provision of services, leases, private patient undertakings and other transactions.

## **6.4 Debt Recovery**

- 6.4.1 The Director of Finance is responsible for ensuring arrangements are in place to recover outstanding debt.
- 6.4.2 Where income is written off, this should be dealt with in accordance with losses procedures and reported to the Audit Committee.
- 6.4.3 All overpayments (including salary) should be recovered wherever possible.

## **6.5 Security of Cash, Cheques, Payable Orders**

- 6.5.1 The Director of Finance is responsible for:-
  - (a) approving all means of officially acknowledging or recording cash, cheques and payable orders received;
  - (b) controlling stationery used for receipting funds;
  - (c) the provision of adequate facilities and systems for employees whose duties include collecting and holding cash;
  - (d) authorisation and provision of safes or lockable cash boxes;
  - (e) ensuring that policies are in place for the operation of safes including key holding;
  - (f) systems and procedures for handling cash, postal orders and cheques; and
  - (g) authorising the use of charitable giving platforms such as Just Giving, Amazon Wish Lists etc and ensuring that there is appropriate oversight and monitoring.
- 6.5.2 Trust cash will not be used to cash private cheques or "I Owe You's" (IOUs).
- 6.5.3 All cheques, postal orders, cash etc., will be banked promptly and intact. This means that disbursements (payments) will not be made from cash received prior to banking.
- 6.5.4 The holders of safe keys will not accept unofficial funds or items for depositing in their safes.
- 6.5.5 Any loss or shortfall in cash, cheques or other negotiable instruments shall be reported immediately. Where there is prima facie evidence of fraud, corruption and bribery it will be necessary to follow the Trust's Counter Fraud Corruption and Bribery Policy & Response Plan & Response Plan. Where there is no evidence of fraud and corruption the loss shall be reported in line with losses procedures. will comply with the requirements of the law and relevant national guidance and European law as applicable. Advice should be taken from the procurement team as needed to ensure compliance with these Standing Financial Instructions.

## **7. TENDERING PROCEDURES**

### **7.1 Compliance**

- 7.1.1 Trust will comply with the requirements of the law and relevant national guidance and contract regulations as applicable. Advice should be taken from the procurement team as needed to ensure compliance with these Standing Financial Instructions.

## 7.2 Formal Tendering

7.2.1 The Trust will ensure that a minimum of three competitive tenders are invited for:-

- (a) the supply of goods, materials and manufactured articles;
- (b) the receipt of services;
- (c) the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens); and
- (d) health care services supplied by non NHS providers.

## 7.3 Exceptions Where Formal Tendering Need Not Be Applied

7.3.1 Formal tendering procedures need not be applied:-

- (a) where total estimated annual expenditure with a supplier is expected to be below £15k, at least one written quote is needed;
- (b) where total estimated annual expenditure with a supplier is not expected to exceed £50k but is above £15k, a minimum of three written or electronic quotations must be obtained; or
- (c) where a competitive process or direct award (where permissible) has been undertaken through a public sector framework agreement co-ordinated by the procurement team.

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

- (a) in very exceptional circumstances formal tendering procedures would not be practical;
- (b) where the timescale genuinely precludes a competitive process; or
- (c) where specialist goods/services are required and available from only one source.

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

7.3.4 All waivers with supporting reasons should be fully documented and approved by the Director of Finance or the Chief Executive and reviewed by the Audit Committee at each meeting.

7.3.5 Where contract expenditure subsequently breaches a tender threshold, advice from the procurement team will need to be sought and the matter reported to the Audit Committee.

## **7.4 Tendering Procedures**

- 7.4.1 All invitations to tender will be compliant with the Trust procurement policies and procedures which ensure a full audit trail is maintained.
- 7.4.2 Any discussions with a tenderer which are deemed necessary to clarify technical aspects of the tender before the award of a contract will not disqualify the tender. Clarifications may be made regarding qualitative aspects of the tender prior to the award of a contract providing there is a full audit trail of communications and information relevant to all bidders and shared.
- 7.4.3 Contracts should be awarded based on achieving the best value for money, from both quality and cost perspectives.
- 7.4.4 Contracts should not be awarded if they exceed the budget allocated.
- 7.4.5 All tenders should be treated as confidential and should be retained for inspection.
- 7.4.6 The Director of Finance will ensure that a register of tenders is maintained.

## **7.5 Financial Standing and Technical Competence**

- 7.5.1 The Director of Finance will ensure that procurement processes include the necessary checks on the financial standing, technical competence, legal and regulatory compliance and suitability of contractors/suppliers.

## **8. PAY EXPENDITURE**

### **8.1 Remuneration and Nomination Committee**

- 8.1.1 The Board will establish a Remuneration and Nomination Committee, with clearly defined terms of reference, specifying which posts and issues fall within its area of responsibility, its composition, and the arrangements for reporting.
- 8.1.2 The Committee will report in writing to the Board the basis for its recommendations. The Board will 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.
- 8.1.3 The Trust will remunerate the Chair and non-executive directors of the Board in accordance with resolutions of the Council of Governors.

### **8.2 Funded Establishment**

- 8.2.1 The workforce 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 Remuneration Committee.



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

### **8.3 Staff Appointments**

8.3.1 No 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 beyond the limit of their approved budget and funded establishment.

### **8.4 Payroll**

8.4.1 The Director of Finance will arrange the provision of a payroll service and will be 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;
- (e) ensuring internal controls and audit review; and
- (f) ensuring separation of duties.

8.4.2 Managers have responsibility for:-

- (a) completing and submitting time records, termination forms and other notifications in accordance with agreed timetables; and
- (b) notifying payroll if an employee fails to report for duty or to fulfil obligations in circumstances that suggest they have left without notice.

### **8.5 Contracts of Employment**

8.5.1 The Director of People 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; and
- (b) making arrangements to deal 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 financial plan.

9.1.2 Authority to incur spend and enter into expenditure contracts will be set in accordance with the Financial Scheme of Delegation.

## **9.2 Requisitioning of Goods and Services**

- 9.2.1 The requisitioner should use electronic catalogues for the procurement of goods or services. Where this is not possible the procurement team should be consulted to advise on the appropriate route to market.

## **9.3 Payment of Invoices**

- 9.3.1 The Director of Finance will ensure arrangements are in place for prompt payment of invoices and claims. Payment of invoices will be in accordance with contract terms.

## **9.4 Expenditure contracts**

- 9.4.1 Advice should be sought from the procurement team before signing expenditure contracts of any value. The 'value' of the contract is over its duration rather than per annum. Authority to sign contracts is set out in the Financial Scheme of Delegation.

## **9.5 Prepayments**

- 9.5.1 Prepayments will only be permitted where this is normal commercial practice or provides a financial advantage to the Trust and the financial standing of the company has been assessed along with the associated financial risk.

- 9.5.2 In all cases the budget holder is responsible for ensuring that goods and services due under a prepayment contract are received.

## **9.6 Official Orders**

- 9.6.1 Official orders must be used for all non pay expenditure and contracts unless there is an agreed exception approved by the procurement team. The Trust operates a no purchase order no pay policy. This means that there is no obligation to pay for supplies delivered or work carried out without a purchase order.

## **9.7 Budget Holders**

- 9.7.1 Budget holders must adhere to the delegated limits specified in the Financial Scheme of Delegation.
- 9.7.2 Orders should not be issued to any supplier that has made an offer of gifts, reward or benefit to directors or employees, or has in any other way breached the Bribery Act (2010).
- 9.7.3 Requisitions/orders must not be placed where there is no budget or insufficient budget, unless authorised by the Director of Finance or the Chief Executive.
- 9.7.4 Verbal orders must only be issued very exceptionally and an official order must be obtained as soon as practically possible.
- 9.7.5 Orders must not be split to circumvent financial thresholds.

- 9.7.6 Goods must not be taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase.
- 9.7.7 Changes to the list of employees and officers authorised to certify invoices will be notified to the Director of Finance.
- 9.7.8 Purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by Director of Finance.
- 9.7.9 Petty cash records will be maintained in a form as determined by the Director of Finance.

## **10. EXTERNAL BORROWING AND INVESTMENTS**

### **10.1 Borrowing and Public Dividend Capital**

- 10.1.1 All loans and overdrafts must be approved by the Board. Any draw-down against working capital facilities must be authorised by the Director of Finance and reported to the Board.
- 10.1.2 Draw down of Public Dividend Capital should be authorised in accordance with the Financial Scheme of Delegation.
- 10.1.3 The Trust will pay a dividend on its Public Dividend Capital at a rate determined by the Secretary of State.
- 10.1.4 The Director of Finance will report on loans, overdrafts and Public Dividend Capital to the Finance Committee.
- 10.1.5 The Director of Finance will prepare applications for loans and overdrafts for approval by the Finance Committee in accordance with the Regulator's requirements.

### **10.2 Investments**

- 10.2.1 The Director of Finance will prepare a Treasury Management Policy which sets out the Trust's approach to cash management including investments for approval by the Board.
- 10.2.2 The Treasury Management Policy will seek to obtain competitive rates of interest with minimal exposure to risk.
- 10.2.3 Cash balances and investments must only be held by banking institutions approved by the Board as part of the Treasury Management Policy.
- 10.2.4 The Director of Finance is responsible for advising and reporting to the Finance Committee on any Treasury Management activities.
- 10.2.5 The Director of Finance will prepare detailed procedural instructions on the operation of Treasury Management activities.

## **11. CAPITAL INVESTMENT, FIXED ASSET REGISTERS AND SECURITY OF ASSETS**

### **11.1 Capital Investment**

#### 11.1.1 The Director of Finance:-

- (a) will ensure that there is an adequate process in place for determining capital expenditure priorities;
- (b) is responsible for ensuring that monitoring arrangements are in place for capital schemes and that budgets are adhered to;
- (c) will put arrangements in place to manage the capital programme within the overall budget available; and
- (d) will 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 all capital expenditure the Director of Finance will ensure that that a business case has been produced and approved in accordance with the Financial Scheme of Delegation.

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

11.1.4 The approval of a capital plan will not constitute approval for expenditure on any scheme unless:

- (a) the funding has been confirmed in the annual capital budget for the year;
- (b) the cost of the scheme remains within the sum allocated whilst still delivering the benefits identified in the business case; and
- (c) the supporting Business Case has been approved.

11.1.5 Where the forecast of costs of any scheme rises above the sum allocated in the capital budget, the Director of Finance must immediately be notified and an updated business case prepared for the Capital, Revenue and Investment Group approval.

11.1.6 Contractual commitments should not be entered into unless the scheme is approved.

11.1.7 Business cases requiring Board approval under the Financial Scheme of Delegation will be considered and scrutinised by the Finance Committee.

11.1.8 All business cases will be considered by the Capital, Revenue and Investment Group irrespective of the value and either approved or recommended for approval by the Finance Committee or Board according to the Financial Scheme of Delegation.

11.1.9 The Director of Finance will approve procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes.

## **11.2 Capital 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 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 register identifying land and/or buildings owned or leased by the Trust.
- 11.2.3 Capital assets must not be sold, scrapped, or otherwise disposed of without prior approval of the Director of Finance. 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 will 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.

## **11.3 Security of Capital Assets**

- 11.3.1 The overall control of fixed assets is the responsibility of the Chief Executive.
- 11.3.2 Capital asset control procedures must be approved by the Director of Finance. This procedure will 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 location of assets;
  - (e) periodic verification of the existence of, condition of, and title to, assets recorded; and
  - (f) identification and reporting of all costs associated with the retention of an asset.
- 11.3.3 All discrepancies revealed by verification of physical assets to fixed asset register will be notified to the Director of Finance.
- 11.3.4 Whilst each employee and officer has a responsibility for the security of property of the Trust, it is the responsibility of Board members and employees in all disciplines to apply appropriate routine security practices in relation to NHS property. Any breach of security practices must be reported in accordance with agreed procedures.
- 11.3.5 Any theft, loss or damage to premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported to the Director of Finance.
- 11.3.6 Where practical, assets should be marked as Trust property.

11.3.7 Assets must not be used for private purposes unless agreed in advance by the Director of Finance.

## **12. STORES AND RECEIPT OF GOODS**

### **12.1 General Position**

12.1.1 Stores, defined in terms of controlled stores and departmental stores should be:

- (a) kept to a minimum;
- (b) subjected to annual stock take or a program of rolling stock takes and
- (c) valued at the lower of cost and net realisable value.

### **12.2 Control of Stores, Stocktaking, Condemnations and Disposal**

12.2.1 The day-to-day responsibility for stock control is delegated to departmental employees and stores managers/keepers. The control of Pharmaceutical stocks is the responsibility of the Chief Pharmacist.

12.2.2 The responsibility for security arrangements and the custody of keys for any stores and locations will 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 will ensure systems are in place to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.

12.2.4 The Director of Finance will ensure there are adequate checks on items in stores at least once a year.

### **12.3 Goods Supplied by NHS Supply Chain**

12.3.1 The Director of Finance will identify those authorised to requisition and accept goods from the store. The authorised person will check receipt against the delivery note and notify any discrepancies to Procurement who will pursue correction of delivery or a credit note.

## **13. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS**

### **13.1 Disposals and Condemnations**

13.1.1 Land and buildings may not be sold or otherwise disposed of without the approval of the Board.

13.1.2 The Director of Finance must ensure procedures are in place for the disposal of assets.

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

13.1.4 The method of all asset disposals will be recorded and confirmed by a countersignature authorised by the Director of Finance.

## **13.2 Losses and Special Payments**

13.2.1 Any employee discovering a suspected fraud should report the matter to their line manager, Local NHS Counter Fraud Specialist or Director of Finance in accordance with the Fraud, Corruption and Bribery Policy.

13.2.2 Any employee discovering or suspecting any other loss or theft must immediately inform their head of department, security team and the Director of Finance.

13.2.3 Special payments e.g. payments not under legal obligation (or ex gratia) may only be made in line with the Financial Scheme of Delegation.

13.2.4 The Director of Finance will be authorised to take any necessary steps to safeguard against the impact of bankruptcies and company liquidations.

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

13.2.6 The Director of Finance will maintain a Losses and Special Payments Register.

13.2.7 All losses and special payments must be reported to the Audit Committee on a regular basis.

## **14. INFORMATION TECHNOLOGY**

14.1.1 The Trust must comply with relevant legal and regulatory requirements in relation to IT and information.

14.1.2 The Trust will nominate one of the Executive Directors to act as the Senior Information Risk Officer (SIRO) to ensure controls over data entry, processing, storage, transmission and output to achieve security, privacy, accuracy, completeness, and timeliness.

14.1.3 The Senior Information Risk Officer (SIRO) will ensure that risks arising from the use of IT are identified and mitigated. This will include the preparation and testing of disaster recovery plans.

14.1.4 The Director of Finance will ensure that financial systems are implemented, developed and maintained to achieve accuracy and timeliness of data.

14.1.5 The Trust will publish and maintain a Freedom of Information (FOI) Publication Scheme.

14.1.6 The Trust IT strategy will be approved by the Board.

## **15. PATIENTS' PROPERTY**

15.1.1 The Trust has a duty to provide safe keeping of money and other personal property belonging to patients.

15.1.2 The Trust will not accept responsibility or liability for patients' property unless it is handed in for safe keeping and a copy of an official patients' property record is obtained as a receipt.

15.1.3 The Director of Finance will ensure that procedures are in operation for the collection, recording, safekeeping and disposal of patients' property.

15.1.4 Where property of a deceased patient exceeds £5,000, the production of Probate or Letters of Administration will be required before release. Where the total value of the property is less than £5,000, this will be released to the next of kin provided forms of indemnity are obtained.

## **16. CHARITABLE FUNDS (FUNDS HELD ON TRUST)**

### **16.1 Corporate Trustee Arrangements**

16.1.1 The Board is the Corporate Trustee of the Trust Charity which is responsible for the management of funds held on trust.

16.1.2 The Board's discharge of Corporate Trustee responsibilities is distinct from its responsibilities for exchequer funds. There must still be adherence to the overriding general principles of financial regularity, prudence and propriety.

16.1.3 The Corporate Trustee may delegate functions as it determines to a Charitable Funds Committee subject to approved written terms of reference. The Board must receive and adopt the annual accounts of the Charity.

16.1.4 The Corporate Trustee will authorise the Chief Executive to make arrangements for the executive leadership and day to day running of the Charity.

16.1.5 The Director of Finance will approve the financial governance arrangements of the Charity.

### **16.2 Administration of Charitable Funds**

16.2.1 The Director of Finance will oversee the preparation of the annual accounts and the annual audit.

### **16.3 Accountability to Charity Commission**

16.3.1 The Corporate Trustee responsibilities must be discharged separately from the Board and full recognition given accountability to the Charity Commission for charitable funds.



#### **16.4 Applicability of Standing Financial Instructions to Funds Held on Trust**

16.4.1 The Charity will apply these Standing Financial Instructions where relevant. Any breaches will be notified to the Director of Finance and reported to the Charity Committee.

### **17. DECLARATION OF INTERESTS AND STANDARDS OF BUSINESS CONDUCT**

#### **17.1 Policy**

17.1.1 The Director of Finance will ensure that all staff are made aware of the Trust policy on Managing Conflicts of Interest Standards of Business Conduct which includes guidance on a range of issues including gifts, outside employment and managing conflicts of interest. This policy will incorporate best practice guidance issued by the Regulator and will take effect as if incorporated into these Standing Financial Instructions.

#### **17.2 Declaration of Interests**

17.2.1 All staff are required to declare interests which are relevant and material. Staff should declare interests on appointment and when there are any changes. Staff members will be asked to confirm on an annual basis that their entry on the register of interests is accurate and provide updates as required.

17.2.2 If a staff member comes to know that the Trust has entered into or proposes to enter into a contract in which they or any person connected with them has any interest, direct or indirect, they must make a declaration.

17.2.3 If a staff member has any doubt about the relevance of an interest, this should be discussed with their line manager or the Director of Corporate Governance.

17.2.4 Staff should be asked to declare interests at the start of meetings and recorded in the minutes.

17.2.5 During the course of a meeting, if a conflict of interest arises, the staff member concerned should withdraw from the meeting and play no part in the relevant discussion or decision.

#### **17.3 Register of Interests**

17.3.1 The Director of Corporate Governance will ensure that all staff and governors are made aware of the Trust's policy on acceptance of gifts and other benefits in kind by staff.

17.3.2 The Director of Corporate Governance will ensure that a Register of Interests is maintained to record formal declarations of interests of staff in accordance with the Trust policy.

17.3.3 The Register will be available to the public on request.

17.3.4 The Trust operates a zero tolerance approach to any form of bribery, fraud or corruption. Any such concerns in these areas should be reported to the Local Counter Fraud Specialist and/or the Director of Finance.

17.3.5 Gifts of cash and vouchers to staff should always be declined.

## **18. RETENTION OF RECORDS**

18.1.1 The Chief Executive will be responsible for maintaining archives for all paper and digital records required to be retained in accordance with guidelines and the Trust's Record Management Policy.

## **19. RISK MANAGEMENT AND INSURANCE**

### **19.1 Risk Management**

19.1.1 The Chief Executive will ensure that risk management arrangements are in place in accordance with relevant requirements, which must be approved and monitored by the Board.

19.1.2 Risk management arrangements will be reported in the Annual Governance Statement within the Annual Report and Accounts.

### **19.2 Insurance**

19.2.1 The Chief Executive will be responsible for ensuring adequate insurance cover is in place in accordance with risk management policy approved by the Board.

19.2.2 The Director of Finance should be notified of any changes to risks or property which require insurance.

19.2.3 The Director of Finance will ensure that insurance arrangements are regularly reviewed and provide the necessary assurances to the Finance Committee and / or Board.

19.2.4 The Director of Finance will authorise claims to be made and these will be reported to the Finance Committee and / or Board.

19.2.5 The Trust will insure for clinical negligence, employers' and public liability claims through the risk pooling schemes administered by the NHS Resolution.



