

# TRUST STANDING FINANCIAL INSTRUCTIONS

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| Date Adopted    | March 2022                             |
| Version         | V6.0                                   |
| Review Deadline | March 2023 (Exec),<br>March 2024 (ARG) |

**Purpose** - NHS Trusts are required by law to make Standing Financial Instructions (SFIs), which, alongside the Standing Orders, regulate the way in which the proceedings and business of the Trust will be conducted.

High standards of corporate and personal conduct are essential in the NHS. Standing Financial Instructions should be read alongside the Standing Orders (SFIs), Schedule of Reserved and Delegated Powers (SRP) and Scheme of Delegated Financial Authorities (SoDFA) to identify who in the Trust is authorised to do what.

## Key messages

- Financial responsibilities and authorities are described in the SFIs and SoDFA
- All employees of the Trust need to be aware of their responsibilities and authorities described in this document.

## You may also need to refer to the following policies and guidance –

Various legislation is relevant to the contents of the SFIs and these are identified in the text. The SFIs refer to the following Trust Policies:

- Declarations of Interests and Hospitality Policy
- Counter Fraud, Bribery and Corruption Policy and Response Plan

## Who should read this policy?

- All individuals employed or engaged by the Trust who have been given resource management and decision making authorities need to have a reasonable understanding of the SFIs.
- All should be aware that the SFIs exist and what they contain.

## Core accountabilities

|                            |   |
|----------------------------|---|
| <b>Policy drafting</b>     | Trust Company Secretary   |
| <b>Review and approval</b> | Approved Audit, Risk and Governance Committee (two-early) and annual by Executive |
| <b>Adoption</b>            | ARG on behalf of Trust Board  |
| <b>Dissemination</b>       | Finance   |
| <b>Compliance</b>          | All staff and individuals providing services in the name of the Trust             |

## Version history

|      |               |   |
|------|---------------|---|
| V3.0 | Dec 2014      | Revised as part of FT preparation programme   |
| V3.1 | April 2016    | Revised following changes to appointment of external auditors and executive restructuring |
| V3.2 | October 2016  | Review for approval.  |
| v4.0 | October 2016  | Approved at ARG Committee.  |
| V4.1 | August 2017   | Amendments of CE to CEO   |
| V4.2 | November 2017 | Review for approval.  |
| V5.0 | March 2021    | 5 yearly review.  |
| V6.0 | March 2022    | ARG Committee   |

## Standing Financial Instructions

### 1. Interpretation

- 1.1. The Chair of the Trust is the final authority in the interpretation of Standing Financial Instructions on which the Chief Financial Officer shall advise him.
- 1.2. The definitions applied to the Standing Orders apply also for these Standing Financial Instructions. These are repeated below and some additional definitions apply:

#### *Legislation definitions:*

- the **2006 Act** is the National Health Service Act, 2006
- the **2012 Act** is the Health and Social Care Act, 2012
- **Membership and Procedure Regulations** are the National Health Service Trust (Membership and Procedure) Regulations 1990 (SI(1990)2024), as amended 2014.

#### *Other definitions:*

- **Accountable Officer** is the officer responsible and accountable for funds entrusted to the Trust; and is responsible for ensuring the proper stewardship of public funds and assets. The Chief Executive Officer, or their appointed replacement, is the Accountable Officer for this Trust.
- **Budget** is the plan, expressed in financial terms, proposed by the board for the purpose of carrying out, for a specific period, any or all of the functions of the Trust.
- **Chair of the Trust** is the person appointed by the Secretary of State for Health, acting through the NHS England and NHS Improvement (NHSE/I) to lead the board and to ensure that it successfully discharges its overall responsibility for the Trust as a whole. The expression “the Chair of the Trust” shall, if the Chair is absent from the meeting or otherwise unavailable, be deemed to include the **Deputy-Chair of the Trust**, or other Non-Executive Director as is appointed in accordance with Standing Order 12.
- **Chief Executive Officer** is the chief officer of the Trust.
- **Chief Financial Officer** is the executive director responsible for the finance function.
- **Chief Operating Officer** undertakes the responsibilities of the Chief Operating Officer and is a member of the Trust board.
- **Committee** is committee appointed by the Trust board.
- **Committee Members** are formally appointed by the Trust board to sit on, or to chair specific committees.
- **Director** is used to describe the Non-Executive Directors and the Executive Directors.

- **Director of Estates** is the senior director responsible for the Trust's estates & facilities, though may not be an executive director.
- **Director of Nursing** undertakes the responsibilities of the Director of Nursing and is a member of the Trust board.
- **Divisional Directors** are accountable across a number of directorates and organisational initiatives, accountable to the Chief Executive Officer but operationally responsible to the Chief Operating Officer, with professional oversight from the Medical Director.
- **Deputy Chair** means the Non-Executive Director appointed by the Trust to take on the Chair's duties if the Chair is absent for any reason.
- **Establishment Order** is the Imperial College National Health Service Trust (Establishment) Order 2007, Statutory Instrument number 2755.
- **Executive Management Board** is a formal executive committee
- **Executive Director** is an officer of the Trust, and there will be a total of five voting members of the Trust board, appointed in accordance with the Membership and Procedure Regulations, 1990.
- **Financial Services** – A generic term to cover all financial transactional services: accounts payable, accounts receivable, payroll, staff expenses, financial accounting, treasury, working capital management and maintenance of the accounting records, and provision of financial statements to management, the board, regulators, Parliament and the public.
- **Funds Held on Trust** are those funds which the Trust holds at its date of incorporation, receives on distribution by statutory instrument, or chooses subsequently to accept under powers derived under Part 11 (eleven) of the NHS Act 2006. Such funds may or may not be charitable.
- **Medical Director** undertakes the responsibilities of the Medical Director and is a member of the Trust board.
- **Motion** is a formal proposition to be discussed and voted on during the course of a Trust board or Committee meeting.
- **NHS England and NHS Improvement (NHSE/I)** is responsible for the oversight of NHS trusts, including NHS foundation trusts; and has delegated authority from the Secretary of State for Health for the appointment of the Non-Executive Directors, including the Chair of NHS Trusts.
- **Nominated Officer** is the officer charged with the responsibility for discharging specific tasks within the Standing Orders and Standing Financial Instructions.
- **Non-Executive Director** is a person appointed by the Secretary of State for Health, exercised through the authority vested in the NHS Improvement, to help the Trust board to deliver its functions.

- **Officer** (or **staff**) means an employee of the Trust or any other person holding a paid appointment or office with the Trust. (This includes all employees or agents of the Trust, including medical and nursing staff and consultants practising upon the Trust's premises and shall be deemed to include employees of third parties contracted to the Trust when acting on behalf of the Trust).
  - **SFIs** are the Standing Financial Instructions.
  - **SOs** are the Standing Orders.
  - **Standards of Business Conduct** is the NHS Policy Standards of Business Conduct, incorporating anti-bribery and corruption; and the recognition and treatment of conflicting interests, gifts and hospitality” or as amended (NHS Standards of Business Conduct Policy, 2019).
  - **Trust** is the Imperial College Healthcare NHS Trust.
  - **Trust board** (or the **board**) is the Chair and Non-Executive Directors and Executive Directors
  - **Chief of Staff and Director of Corporate Governance** is the officer appointed to provide advice on corporate governance issues to the board and the Chair; and monitor the Trust's compliance with the law, Standing Orders, and Department of Health and Social Care (DHSC) guidance.
  - **Working day** means any day, other than a Saturday, Sunday or legal holiday.
  - **Budget manager** is the director or employee with delegated authority to manage the finances (Income and Expenditure) and resources for a specific area of the Trust.
  - **Commissioning** is the process for determining the need for and for obtaining the supply of healthcare and related services by the Trust within available resources.
  - **Contracting and procuring** is the process of obtaining the supply of goods, materials, manufactured items, services, building and engineering services, works of construction and maintenance and for the disposal of surplus and obsolete assets.
  - **General Managers** are the senior operational managers (and their formally nominated deputies) for the directorate, as designated by the Divisional Directors.
  - **ELFS** – East Lancashire Financial Services is a business division of Salford Royal NHS Foundation Trust and contracts with the Trust to supply Accounts Payable Services.
- 1.3. Any reference to an Act of Parliament, Statutory Instrument, Direction or Code of Practice shall be construed as a reference to any modification, replacement or re-enactment for the time being in force.
- 1.4. All reference to the masculine gender shall be read as equally applicable to the feminine gender and vice-versa.

## 2. Introduction

- 2.1. These Standing Financial Instructions (SFIs) are issued for the regulation of the conduct of the Trust, its directors and officers in relation to all financial matters with which they are concerned.
- 2.2. The SFIs explain the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness.
- 2.3. They identify the financial responsibilities which apply to everyone working for the Trust; and shall be used in conjunction with the Schedule of Reserved and Delegated Powers and the Scheme of Delegated Financial Authorities which both also form part of the Trust's Standing Orders.
- 2.4. Detailed procedural advice, which shows how the SFIs should be applied, is maintained in departmental and financial procedure notes. All financial procedures must be approved by the Chief Financial Officer and must be reviewed at least every three years.
- 2.5. These SFIs do not refer to all legislation or regulations and advice issued by the DHSC applicable to the Trust. Any uncertainty regarding the application of these SFIs should be discussed with the Chief Financial Officer, prior to action.
- 2.6. The SFIs apply to all staff, including temporary contractors, volunteers and staff employed by other organisations to deliver services in the name of the Trust. Failure to comply with the SFIs could lead to disciplinary action, up to and including dismissal.

### Compliance with these SFIs

- 2.7. These SFIs prevail over any directorate and service guidance or procedural documents. They also prevail over any guidance or instruction issued by other organisations conducting business with the Trust. All staff should notify the Chief Financial Officer of any conflicts between the local guidance and instruction and the SFIs, if the conflict cannot be resolved satisfactorily locally.
- 2.8. **All staff** have a duty to disclose, as soon as possible, to the Chief Financial Officer, any failure to comply with these SFIs. Full details of the non-compliance including an assessment of the potential impact; and any mitigating factors shall be reported by the Chief Financial Officer to the next formal meeting of the Audit, Risk and Governance Committee for referring action or ratification.

### Responsibilities and Delegations

- 2.9. These SFIs have been compiled under the authority of the Trust board. They are reviewed annually by the **Audit, Risk and Governance Committee** and approved by the Trust board on a five year basis.
- 2.10. **The Trust board** exercises financial supervision and control by:
  - 2.10.1. approving the financial strategy and medium term financial plan
  - 2.10.2. requiring the submission and approval of an annual operating plan and budget that deliver the financial and operational targets set for the Trust within approved allocations and overall income and in the context of the Trust's strategy.

- 2.10.3. approving specific responsibilities placed on directors and employees as indicated in the Scheme of Delegated Financial Authorities
  - 2.10.4. approving the operating model for delivery of financial services across the Trust, including decisions on any services where the options for delivery include a choice between in-house and outsourced providers.
- 2.11. The Trust board has resolved that certain powers and decisions may only be exercised by the Trust board in formal session. These are set out in the Schedule of Reserved and Delegated Powers to the Imperial College Healthcare NHS Trust board. All other powers have been delegated to the board's appointed committees or the Chief Executive Officer of the Trust who in turn delegates powers to the directors and officers of the Trust as set out in the Scheme of Delegated Financial Authority.
- 2.12. **The Chief Executive Officer** is the Accountable Officer of the Trust and:
- 2.12.1. is legally accountable to Parliament for all of the actions of the Trust
  - 2.12.2. is accountable to the Trust board for ensuring that the board meets its obligation to perform the Trust's functions within the available financial resources
  - 2.12.3. holds overall executive responsibility for the Trust's activities and is responsible to the board for ensuring that its financial obligations and targets are met
  - 2.12.4. is responsible overall for the maintenance of the Trust's systems of internal control
  - 2.12.5. is responsible for ensuring that all members and staff of the Trust are aware of and understand their responsibilities within these SFIs.
- 2.13. Save for the decisions and actions reserved to the Trust board, the Chief Executive Officer has full operational authority to approve the financial transactions of the Trust and to delegate such powers to post-holders within the Trust management. The Chief Executive Officer will, as far as possible, delegate detailed responsibilities, as described in these SFIs and, in more detail in the Scheme of Delegation of Financial Authorities`.
- 2.14. **The Chief Financial Officer** is responsible for:
- 2.14.1. maintaining and implementing the Trust's financial policies
  - 2.14.2. maintaining an effective system of internal financial control including ensuring that adequate and effective financial procedures and systems incorporating the principles of segregation of duties and internal checks are prepared, documented and maintained
  - 2.14.3. ensuring that sufficient records are maintained to show and explain the Trust's transactions, in order to disclose, with reasonable accuracy, the financial position of the Trust at any time
- 2.15. **All staff**, including board members are responsible for:
- 2.15.1. the security of the property of the Trust
  - 2.15.2. avoiding loss
  - 2.15.3. achieving economy and efficiency in the use of resources.

### 3. Financial Framework

- 3.1. The **Chief Financial Officer** shall ensure that members of the board are aware of the financial aspects of the NHS Improvement's System Oversight Framework, within which the Trust is required to operate.

#### 4. Business and Budget Plans

- 4.1. The **Chief Executive Officer** shall submit to the board and external regulators as required, strategic and operational plans, as suggested by relevant guidance, to meet the needs of the board. These plans will include an Annual Operating Plan, which takes into account financial targets and forecast limits of available resources.
- 4.2. The plans will include:
  - 4.2.1. description of the significant assumptions on which planning is based
  - 4.2.2. details of major changes in workload, delivery of services or resources required to achieve the plans.
- 4.3. Prior to the start of each financial year, the **Chief Financial Officer** shall prepare and submit budgets for approval by the board. Such budgets will:
  - 4.3.1. be in accordance with and reconcilable, at a summary level, to the aims and objectives set out in the Annual Operating Plan
  - 4.3.2. reconcile to financial plans to be provided to relevant external regulators, such as the NHS England and NHS Improvement
  - 4.3.3. reflect resource plans, including workload and workforce plans
  - 4.3.4. be prepared within the limits of available funds
  - 4.3.5. show how the plans will deliver against the financial targets and obligations set externally by the Secretary of State and relevant regulatory bodies; and set internally by the Trust
  - 4.3.6. provide a forecast of the Trust's performance over the year against key financial indicators, as determined by the Trust and by relevant regulatory bodies
  - 4.3.7. include summary financial projections for the longer term
  - 4.3.8. identify and assess significant financial risks.
- 4.4. **All staff** who have been given delegated authority to manage and administer budgets and/or resources, shall be expected to contribute to the preparation of the annual budget.

#### 5. Management of the Financial Resource

- 5.1. The **Chief Executive Officer** shall require directors and authorised budget managers to seek to deliver the financial outturn targets set by the Trust board within the approved annual budget plan and the adjustments to those targets reflected in the re-forecasts performed during the year.
- 5.2. The Chief Executive Officer may change the financial outturn targets of any directorates, or services.
- 5.3. **Directors** and **authorised budget holders** shall seek to deliver their service responsibilities within the limits of the financial outturn targets set for them. Financial and other resources shall only be used for the purposes for which they are provided, as approved by the Chief Executive Officer and the board.

#### Setting the Annual Integrated Financial Plan

- 5.4. The **Chief Executive Officer** shall be responsible for providing the Trust board with the annual financial plan, taking into account financial targets and forecast income and service developments. The plan will identify the significant assumptions on which it is based; and provide details of significant changes to service and workforce plans and how these will impact on the Trust's financial targets. The plan will identify how the Trust will achieve the annual efficiency savings set by the (DHSC).

- 5.5. The **Chief Financial Officer** shall be responsible overall for the design and delivery of the annual integrated financial budget plan.
- 5.6. All **Executive Directors** shall be responsible for contributing to the integrated planning process, which shall incorporate plans for workforce, service delivery and quality, service capacity and activity, and efficiency planning.
- 5.7. **Budget holders** shall provide all financial, statistical and other relevant information, including service, capacity, workforce and efficiency plans, as required by the Chief Financial Officer to enable budgets to be compiled.
- 5.8. All **Budget holders** should sign up to their financial plans at the start of each financial year.

#### Managing and Reporting the Financial Position During the Year

- 5.9. The **Chief Financial Officer** shall be responsible overall for the design and delivery of adequate systems of financial control. These systems will include processes for:
  - 5.9.1. identifying the level of earned income directly attributable to each budget area
  - 5.9.2. identifying the target (gross or net) allowable expenditure for each budget area, that will enable each budget holder to deliver their annual financial surplus target contribution to the overall Trust target
  - 5.9.3. updating the forecast income and allowable expenditure, during the year, to reflect changes in contracted income, service capacity and delivery.
  - 5.9.4. monitoring and reporting financial performance against plans and forecasts
  - 5.9.5. delivering monthly integrated financial reports to meet the requirements of the Executive Management Board, Finance and investment Committee and the Trust board and any other sub committees of the board in a form approved by the board.
- 5.10. The **Chief Financial Officer** shall set out the detailed procedures that support these systems of financial control. These procedure notes form part of the **SFIs** and all staff are expected to comply with these and advise the **Chief Financial Officer** of all instances where these are not adhered to.
- 5.11. All **Executive Directors** shall be responsible for establishing monitoring and reporting systems for workforce, service delivery and quality, service capacity and activity, and efficiency planning to enable budget holders to deliver an integrated analysis of their service performance.
- 5.12. **All staff** to whom responsibility is delegated to incur expenditure, or generate income shall comply with the requirements of those systems.
- 5.13. Designated **budget holders** shall be responsible for maintaining expenditure within the agreed limits.
- 5.14. Designated budget holders shall monitor and analyse the integrated financial performance of their service during the year. This shall include assessment of:
  - 5.14.1. progress towards delivering the required financial position for the budget area
  - 5.14.2. the impact of resources used, including workforce, progress of service delivery and achievement of efficiency plans
  - 5.14.3. trends and projections
  - 5.14.4. where relevant, plans and proposals to recover adverse performance.



- 5.15. The **Chief Financial Officer** shall ensure that budget holders are provided with advice and support from suitably qualified finance staff, to enable them to perform their budget management role adequately.
- 5.16. The **Chief Financial Officer** shall be required to compile and submit to the board of Directors such financial estimates and forecasts, on both revenue and capital account, as may be required from time to time.
- 5.17. The **Chief Financial Officer** shall keep the Trust board informed of:
  - 5.17.1. significant in-year variance from the business plan and advise the board on actions to be taken to address the variance
  - 5.17.2. financial consequences of changes in Trust policy
  - 5.17.3. financial implications of external determinations, such as national pay awards and changes to the pricing of clinical services.
- 5.18. The **Chief Financial Officer** shall:
  - 5.18.1. ensure that budget managers receive adequate training on an on-going basis to help them comply with expectations and to manage successfully
  - 5.18.2. Make available timely, accurate and comprehensible financial reports to each budget manager, covering the areas for which they are responsible.

## 6. Annual Accounts, Reports and Returns

- 6.1. The **Chief Financial Officer** shall:
  - 6.1.1. prepare financial returns in accordance with the accounting policies and guidance provided by the DHSC and the Treasury, the Trust's accounting policies, and generally accepted accounting practice
  - 6.1.2. prepare and submit annual financial reports to the DHSC certified in accordance with current guidelines
  - 6.1.3. submit financial returns to the DHSC for each financial year in accordance with the timetable prescribed by the DHSC
  - 6.1.4. submit periodic monitoring and financial returns to external organisations, such as the NHSI, in accordance with the timetables set by those organisations.
- 6.2. The Trust's annual accounts must be audited by an auditor appointed by the Trust. The Trust's audited annual accounts shall be presented to a public meeting and made available to the public, within the timescales set by the DHSC.
- 6.3. The **Chief Executive Officer** shall publish an annual report, in accordance with guidelines on local accountability, and present it at a public meeting. The document will comply with the current DHSC requirements and guidance.

## 7. Income, Including Contracts for the Provision of Healthcare, Fees and Charges

- 7.1. The **Chief Financial Officer** is responsible for:
  - 7.1.1. designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due.
  - 7.1.2. the prompt banking of all monies received.
  - 7.1.3. Providing detailed procedure notes on all income processes.

### Fees and Charges for the Provision of Healthcare

- 7.2. The **Chief Financial Officer** shall:
  - 7.2.1. follow the up to date DHSC's guidance and regulations for setting prices for providing NHS services

- 7.2.2. approve and regularly review the level of all fees and charges set, other than those determined by the DHSC or by statutory regulation.
  - 7.2.3. take independent professional advice on matters of valuation, as necessary.
- 7.3. The **Chief Executive Officer or Chief Financial Officer** (or their nominated representative) shall approve all arrangements for leasing of Trust assets by other parties, including property and equipment leases, property rentals and tenancy agreements. The **Director of Estates** shall advise on these arrangements.
- 7.4. **All employees** shall inform the **Chief Financial Officer** promptly of money due to the Trust arising from transactions which they initiate, or deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.

#### NHS Service Agreements for the Provision of Services

- 7.5. The **Chief Financial Officer** is responsible for ensuring that the Trust enters into suitable Service Level Agreements (SLAs) with service commissioners for the provision of NHS services to patients, in accordance with the business plans; and for establishing the arrangements for providing extra-contractual services.
- 7.6. The **Chief Financial Officer** shall provide up to date advice on:
- 7.6.1. Standard NHS contractual terms and conditions, issued by the DHSC
  - 7.6.2. costing and pricing of services
  - 7.6.3. payment terms and conditions
  - 7.6.4. amendments to contracts, SLAs and extra-contractual arrangement.
- 7.7. The **Chief Financial Officer** shall ensure that SLAs and other contractual and extra-contractual arrangements:
- 7.7.1. are devised so as to limit the risk to the Trust, whilst enabling opportunities to generate income
  - 7.7.2. are financially sound; and that any contractual arrangement pricing at marginal cost are approved by the Chief Financial Officer and reported to the Trust board.
- 7.8. The **Chief Financial Officer** is responsible for ensuring that systems and processes are in place to record patient activity, raise invoices and collect monies due under the agreements for the provision of healthcare services.
- 7.9. The **Chief Financial Officer** shall produce regular reports, to the Trust board or its committees detailing the Trust's forecast income.
- 7.10. **Budget holders** with responsibilities for managing delivery against service agreements must ensure they understand and use the contract monitoring information for the financial management of their service areas.

#### Sponsorship and Concession Agreements

- 7.11. The **Chief of Staff and Director of Corporate Governance** or a nominated deputy shall maintain a register of sponsorship received by the Trust (gifts and hospitality register).
- 7.12. Sponsorship arrangements may be entered into subject to the limits set out in the gifts and hospitality policy. . Where sponsorship income (including items in kind such as clinical goods or loans of equipment) is considered, the DHSC guidance "Commercial Sponsorship – Ethical Standards in the NHS", 2000 shall be followed.

- 7.13. The **Director of Estates and Facilities** shall review and propose plans for all concession agreements proposed for the Trust, including arrangements that do not incur an immediate direct cost for the Trust, but can expose it indirectly to significant liability. The **Chief Financial Officer** shall authorise all concession agreements entered into by the Trust.

## 8. Procurement, Tendering and Contracting Procedure

- 8.1. The Trust may enter into contracts within the statutory powers delegated to it. The procedure for setting contracts shall comply with those powers and these SFIs. Delegated powers of authorisation are granted to Trust officers according to the Scheme of Delegated Financial Authorities.

### Government Directives Regarding Public Procurement

- 8.2. The Trust shall comply with all UK Government regulations regarding public sector purchasing and the procedures set out for awarding all forms of contracts.
- 8.3. Contracts above specified thresholds for supply and service contracts (awarded by central government bodies subject to the World Trade Organisation Government Procurement Agreement) shall be advertised and awarded in accordance with UK government regulations and government legislation. Works contracts above separate specified thresholds shall also be awarded in accordance with UK and other directives and government legislation.
- 8.4. The Trust shall comply as far as is practicable with all guidance and advice issued by the DHSC and the NHSE/I in respect of procurement, capital investment, estate and property transactions and management consultancy contracts.

### Competitive Tendering and Quotations

- 8.5. The **Chief Financial Officer** shall advise the Trust board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained. Once approved, the thresholds shall be incorporated in Standing Orders through the Scheme of Delegated Financial Authorities; and shall be reviewed regularly.
- 8.6. The **Trust board** shall ensure that, wherever possible, competitive tenders, or quotations are invited, in line with the thresholds set out in the Scheme of Delegated Financial Authorities, for:
- 8.6.1. the supply of goods, materials and manufactured articles
  - 8.6.2. services, including management consultancy services from non-NHS organisations
  - 8.6.3. design, construction and maintenance of building and engineering works, including construction and maintenance of grounds and gardens
- 8.7. The **Trust board** shall allow for exceptions to the requirement for formal tendering procedures where:
- 8.7.1. The estimated contract value is not reasonably expected to exceed £10,000 over the anticipated term of the contract and best value can be obtained through normal procurement routes
  - 8.7.2. the estimated contract value is not reasonably expected to exceed £100,000 over the anticipated term of the contract and will be determined through formal quotations

- 8.7.3. the supply is proposed under special arrangements negotiated by the DHSC, in which event the special arrangements must be complied with
  - 8.7.4. the supply is a measured term contract which has been put in place following a formal tendering process.
- 8.8. The **Trust board** shall allow for the requirement for formal tendering procedures to be waived where:
- 8.8.1. the **Chief Executive Officer** decides that formal tendering procedures would not be practicable
  - 8.8.2. the supply requirement is covered by an existing contract
  - 8.8.3. NHS or Government procurement agreements are in place and their use, in accordance with the Trust's Procurement Strategy, has been approved by the Trust board
  - 8.8.4. a consortium arrangement is in place and a member organisation has been appointed to carry out tendering activity on behalf of the consortium members
  - 8.8.5. available timescales genuinely mean that competitive tendering is not a realistic option. Failure to plan the work properly should not be regarded as a justification for waiving tendering procedures
  - 8.8.6. specialist expertise is required and is available from only one source
  - 8.8.7. the task is essential to complete the project, and arises as a consequence of an existing or recently completed assignment; and engaging different suppliers for the new task would be counter-productive
  - 8.8.8. there is a clear benefit to be gained from maintaining continuity with an earlier supply. In such cases, the benefits of such continuity must outweigh any potential advantage to be gained from competitive tendering
  - 8.8.9. where a bargain situation exists, where a failure to act would lead to a foreseeable fundamental loss to the Trust.
- 8.9. The **Trust board** shall give delegated authority, within limits specified in the Scheme of Delegated Financial Authorities, to the **Chief Executive Officer** to agree contracts and framework arrangements for the provision of legal advice and services, through a suitable competitive tendering process. The legal service provider commissioned by the Trust must be regulated by the Law Society for England and Wales for the conduct of their business (or by the Bar Council for England and Wales in relation to the obtaining of Counsel's opinion) and are generally recognised as having sufficient expertise in the area of work for which they are commissioned.
- 8.10. The **Chief Financial Officer** shall provide formal approval, which may be retrospective where time constraints apply, in each instance where competitive tendering requirements are waived. These instances will be reported to each meeting of the Audit, Risk and Governance Committee.
- 8.11. The **Chief Financial Officer** shall ensure that:
- 8.11.1. any fees paid to an organisation to administer the competitive tendering exercise are reasonable and within commonly accepted rates for such work
  - 8.11.2. waivers to competitive tendering procedures are not used to avoid competition, for administrative convenience, or to award further work to a supplier originally appointed through a competitive procedure beyond compliant tolerances, as advised by the Chief Financial Officer
  - 8.11.3. contracts that were initially expected to be below the value limits set in this SFI; and for which formal tendering procedures were not used, which subsequently prove to have a value above such limits shall be reported to the Audit, Risk and Governance Committee and be recorded in an appropriate Trust record.

- 8.12. The **Chief Financial Officer** shall ensure that a record of suppliers suitable to be invited to provide tenders or quotations for the supply of goods or services is maintained by the procurement department. The procurement department shall take advice from technical experts, as required and assess the suitability of suppliers to be included in that record. The assessment of potential suppliers which will be risk based shall include reviews of technical and financial competence; as well as the specific skills and assurances required in the scope of the goods and/or services to be supplied through the tendered contract.
- 8.13. The **Estates and Facilities Directorate** shall refer to the Government Register of Contractors in considering suppliers suitable to be invited to provide tenders or quotations for their requirements.
- 8.14. All suppliers invited to submit quotations or tenders shall be informed that they are expected to comply with the Human Rights Act, 1998; the Equality Act, 2010; the Health and Safety at Work Act, 1974; procurement sustainability, fair and equitable trade policy and all other legislation concerning employment and the health, safety and welfare of workers and other persons.
- 8.15. The **Chief Financial Officer** shall ensure that:
- 8.15.1. invitations to tender are sent to a sufficient number of suppliers to promote fair and adequate competition as appropriate. Unless specifically approved, no fewer than three suppliers shall be invited to tender, having regard to their capacity to supply the goods or materials, or to undertake the services or works required
  - 8.15.2. the suppliers invited to tender, or provide a quote, are deemed suitable by the Procurement Service provider, after taking advice as required. Procurement exercises are conducted either through a mini-competition against a Framework Agreement or direct procurement, both of which ensure that the suppliers are fully assessed.
  - 8.15.3. the tender process and rules are in accordance with up-to-date and relevant specialist guidance, which is recognised, or recommended by the DHSC.

#### Tendering Procedure

- 8.16. The **Chief Financial Officer** shall ensure that procedural guidance is kept up to date. The guidance will include the rules, requirements and records to be maintained for each key stage of the tendering process. Separate procedural guidance and rules shall be maintained for:
- 8.16.1. contracts awarded through the electronic tendering assessment and award system, which will be subject to the controls built into the system regarding the receipt and safe-keeping of tenders and records.
  - 8.16.2. contracts awarded through more traditional, paper based processes, whether managed by the Procurement department or by staff within the Trust.
- 8.17. These procedures shall include, but not be limited to, requirements for:
- 8.17.1. record of issue of invitations to tender
  - 8.17.2. submission, safe-keeping and recording of receipt of tenders
  - 8.17.3. process and record of opening tenders
  - 8.17.4. initial assessment of tenders (completeness, accuracy, compliance with prescribed format etc.)
  - 8.17.5. admissibility of tenders, including treatment of tenders received after the deadline, but prior to other bids being "opened"

8.17.6. reasons behind decision to award the contract.

#### Reverse eAuctions

8.18. The Trust should have policies and procedures in place for the control of all tendering activity carried out through Reverse eAuctions.

#### Quotations: Competitive and Non-Competitive

8.19. The **Trust board** shall approve the value range whereby formal tendering procedures are not adopted, but quotations will be required.

8.20. The **Chief Financial Officer** shall determine the procedures to be followed in respect of competitive and non-competitive quotations and to publish procedure notes and guidance. These will include:

8.20.1. types of service or supply to be sought through quotations

8.20.2. minimum number of competitive quotes to seek,

8.20.3. requirement for written quotations

8.20.4. retention of records

8.20.5. treating all records of the process as confidential

8.20.6. recording the decision to go to contract.

#### Temporary Suspension of Procedures in Exceptional Circumstances

8.21. The **Trust board** shall allow the SFIs to be suspended temporarily in exceptional circumstances, where the circumstance is:

8.21.1. a Trust wide problem, rather than a directorate specific issue.

8.21.2. of sufficient scale that failure to act quickly and decisively would put the Trust at significant financial and reputational risk

8.21.3. unforeseen and rapidly developing

8.21.4. such that following normal procedures would hinder the recovery of the situation.

8.22. The **Chief Executive Officer** shall identify specific procedures to be followed in the instance of a recognised event of exceptional circumstance.

## 9. Contracts and Purchasing

9.1. The **Trust board** shall only enter into contracts on behalf of the Trust that are within the statutory powers delegated to it by the Secretary of State and shall comply with:

9.1.1. the Trust's Standing Orders and Standing Financial Instructions

9.1.2. UK regulations and other statutory provisions

9.1.3. any relevant directions issued, or recognised by the DHSC

9.1.4. such of the NHS standard contract conditions as are applicable, including those designed for use with NHS foundation trusts.

9.2. In all contracts made by the Trust, the Trust board shall:

9.2.1. seek to obtain best value for money

9.2.2. for contracts subjected to tendering, or quotation, ensure that the contracts contain the same terms and conditions of contract as was the basis on which tenders or quotations were invited.

9.3. The **Chief Executive Officer** and **Executive Directors** shall nominate managers to oversee and manage each contract on behalf of the Trust.

9.4. The procurement department shall maintain a record of the details of all requisitions and orders placed. No requisition or order shall be placed for items for which there is no provision in an authorised budget.

#### Longer-Term Commitments

- 9.5. All contracts, leases, tenancy agreements and other commitments, which might result in a long-term liability, must be authorised, in accordance with the limits set out in the Scheme of Delegated Authorities, in advance of any commitment being made.

#### Healthcare Service Agreements

- 9.6. The **Chief Financial Officer** shall ensure that SLAs and extra-contractual arrangements agreed with other NHS trusts, for provision of services to the Trust, are agreed in accordance with the current guidance set out by the DHSC. Detailed procedure notes will be compiled and maintained by the Chief Financial Officer

#### In-House Services

- 9.7. The **Trust board** shall determine which in-house services should be market tested by competitive tendering, paying due regard to national guidance published by the DHSC or other authorised body; and the frequency with which this should be done. In instances where competitive tendering is required, the board shall nominate suitably qualified staff to administer the process and ensure that UK procurement regulation and competition laws, legislation and DHSC guidance are applied correctly, including:
- 9.7.1. setting clearly defined specifications for the service
  - 9.7.2. clear separation between the in-house service provider tender team and the Trust's commissioning team
  - 9.7.3. independent evaluation process.
- 9.8. The **Chief Executive Officer** shall ensure that best value for money can be demonstrated for all services provided on an in-house basis and shall nominate officers to oversee and manage the contract on behalf of the Trust, separate from those that are providing the service.

### 10. Non-Pay Expenditure

- 10.1. Requisitions and orders are subject to the delegations and limits set out in SFI 8 and SFI 9 and the scheme of delegated authorities.
- 10.2. The **Chief Financial Officer** shall:
- 10.2.1. maintain the list of managers who are authorised to place requisitions and orders for the supply of goods and services
  - 10.2.2. set the maximum value of each requisition or order and the system for authorisation above that level
  - 10.2.3. set out procedures for seeking of professional advice regarding the supply of goods and services.
- 10.3. These delegation limits are maintained in the Scheme of Delegated Financial Authorities.

#### Requisitioning and Ordering Goods and Services

- 10.4. The **Chief Financial Officer** shall maintain adequate systems and procedures for the ordering (including requisitions) of goods and services. These shall include:
- 10.4.1. procedural instructions and guidance on the obtaining of goods, works and services incorporating the thresholds identified in the Scheme of Delegated Financial Authorities
  - 10.4.2. recognition of the Trust's approved supply arrangements, including, but not limited to the following:

- recognised Trust wide procurement systems, (Efinancials and E procurement) which incorporate automatic system controls to ensure adherence to approval and authorisation requirements
  - other recognised controlled ordering systems for specific service areas
  - framework agreements made by the Trust, or by the Procurement Service, including approved suppliers of temporary, locum and interim staff placements; and contractual arrangements for on-going ad-hoc support from chosen service suppliers (eg emergency maintenance and repair services for medical equipment).
- 10.4.3. requirements for goods and services purchased through other, non-approved arrangements.
- 10.5. **Employees** responsible for placing requisitions and orders; and **managers** responsible for authorising the orders shall ensure that:
- 10.5.1. approval is obtained in advance from the **Chief Financial Officer** or their nominated officer as set out in the **Scheme of Delegated Financial Authorities** for any contractual arrangement that may involve taking on an ongoing obligation, or legal responsibility
- 10.5.2. sufficient income or funding exists to pay for the item ordered, or if insufficient funds are available, the **Chief Financial Officer** has authorised the purchase
- 10.5.3. spoken, including telephone, orders are only made in exceptional circumstances and are approved, in writing, by an employee with authority delegated from the **Chief Executive Officer** to approve them. Such orders are confirmed with an official “confirmation order” as soon as possible thereafter
- 10.5.4. orders are not split, or otherwise manipulated to circumvent authorisation and delegation limits
- 10.5.5. goods and equipment are not accepted on trial, or on loan, where there is an associated risk or commitment to current or future expenditure, unless specifically approved by the **Chief Financial Officer**.
- 10.6. Employees shall use the Trust’s approved supply arrangements wherever possible.
- 10.7. Where the service is provided by or maintained by an external provider e.g. ELFS, the arrangements shall be set out in the SLA.

#### Ordering and Purchasing Using Non-Approved Supply Arrangements

- 10.8. The **Chief Financial Officer**, or their nominated deputy shall maintain adequate systems and controls; and procedural rules for commitments and purchases made outside of the Trust’s approved supply arrangements.
- 10.9. **Employees** should seek to minimise the use of non-approved supply arrangements. Where this is unavoidable, they should ensure that any expenditure incurred through non-approved supply arrangements delivers value for money and is controlled so that there are no additional or consequential financial risks to the Trust.

#### Receipt of Goods and Services and System of Payment and Payment Verification

- 10.10. The **Chief Financial Officer** shall be responsible for the prompt payment of accounts and claims. Payment of contract invoices shall be in accordance with contract terms, or with national guidance (such as the Better Payments Practice Code).
- 10.11. Such requirements will be specified in any SLA with Accounts Payable provider.
- 10.12. The **Chief Financial Officer** shall:



- 10.12.1. ensure the prompt payment of all properly authorised accounts and claims
- 10.12.2. maintain an adequate system of verification, recording and payment of all amounts payable, including relevant thresholds. The system will include:
- facilities for secure electronic certification for those authorised to raise requisitions and certify invoices
  - certification that:
    - goods have been duly received, examined and are in accordance with specification and the prices are correct
    - work done or services rendered have been satisfactorily completed in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct
    - contractual measurement units, such as time, materials or expenses are accurate, meet contractual requirements; are supported by appropriate confirmation; and are charged at the agreed rates
    - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained
    - the account is arithmetically correct
    - the account is in order for payment
- 10.12.3. identify procedures to follow for the early submission of accounts subject to cash discounts or otherwise requiring early payment
- 10.12.4. maintain instructions to employees regarding the handling and payment of accounts within the Finance Department.

#### Prepayments and Payments on Account

- 10.13. The **Chief Financial Officer** shall specify the circumstances under which goods and services can be paid in advance of receipt, through the use of prepayments. These circumstances will include instances where one or more of the following apply:
- 10.13.1. the Chief Financial Officer has approved that the pre-payment, in part, or in full, is specified in the agreed contractual arrangement
- 10.13.2. the proposed arrangement is compliant with UK public procurement rules, where the contract is above a stipulated financial threshold
- 10.13.3. the financial advantages are shown to outweigh the disadvantages and risks
- 10.13.4. it is customary for the payment in advance for a service that is provided for a specific period of time (eg rentals, service and maintenance contracts, insurance, utilities standing charges)
- 10.14. The **budget holder** shall confirm that the goods and services due under a prepayment arrangement are received satisfactorily and in accordance with the contractual arrangements.

#### Payments to Contractors by Installments

- 10.15. The **Chief Financial Officer** shall identify adequate procedures to address interim payments made on-account in contracts for building and engineering works. These will include arrangements for receipt of independent and appropriate certificates and confirmations of work completed, to the required standards.
- 10.16. Final payments certificates shall only be issued after the Trust's nominated contract manager has certified the accuracy and completeness of the value of the final account submitted by the contractor; and has confirmed that the procedure set out in the contract terms has been followed properly.

- 10.17. Overruns to contracts shall be reported in accordance with the Scheme of Delegated Financial Authorities.

#### Variations and Extensions to Contracts

- 10.18. Contracts may be designed to allow for variations to the sum agreed, or the goods and services to be delivered. These variations shall be clearly identified and subject to specific limits; and shall be approved as part of the contract process. Further, or new variations shall be subject to the authorisation process in place for new contracts. Variations shall be authorised in advance of commencement.
- 10.19. Where variations are needed in emergency, approval should be sought from a relevant authorising officer; and shall be confirmed and authorised, using the relevant contract procedure, on the next working day.
- 10.20. Extensions to contracts shall be confirmed in writing and authorised in accordance with the Scheme of Delegated Financial Authorities. Contract Extensions should not exceed the maximum term permitted under the terms of the contract defined when the contract was let.

#### Joint Finance Arrangements with Local Authorities and Voluntary Bodies

- 10.21. Payments to local authorities and voluntary organisations shall comply with procedures laid down by the Chief Financial Officer which shall be in accordance with current legislation.

## 11. Terms of Service and Payment of Members of the Trust board and Employees

### Board Members, Directors and Specified Senior Managers

- 11.1. The **Trust board** shall be accountable for taking decisions on the remuneration and terms of service of directors and senior managers. The Trust board shall establish a Remuneration and Appointment Committee responsible for determining the remuneration and appointment of executive directors and senior staff above the AfC pay scales (i.e. VSM staff) in accordance with Standing Orders.
- 11.2. The **Remuneration and Appointment Committee** shall:
- 11.2.1. Agree on behalf of the Trust board the remuneration and terms of service of the executive directors and that the executive directors are fairly rewarded for their contribution to the Trust, having proper regard to its circumstances and performance, and to the provision of any national arrangements or directives for such staff where relevant. Approve the remuneration policy for executive directors and executive team members, including approving the performance criteria for bonuses where appropriate and agreed. For the Chief executive, the Committee will advise the Chair regarding the framework for bonuses, in accordance with contract of employment.
- 11.2.2. Agree and review annually the remuneration policy framework for very senior managers (VSM) not on national contracts, including executive directors. Determination of the salaries of very senior managers, other than executive directors, is delegated to the chief executive officer or relevant executive director, advised by the director of people & OD and working within the agreed policy framework. The committee will review annually the earnings of such managers including senior clinicians and clinical managers.
- 11.2.3. Establish the parameters for the remuneration and terms of service for the appointment of executive directors, with delegated authority of the chief executive officer to agree starting salaries within the agreed parameters.

11.2.4. Agree the termination of contract of executive directors and the payment of any redundancy or severance packages in line with prevailing national guidance.

11.3. The Trust shall pay allowances to the Chair and Non-Executive Directors of the board in accordance with instructions issued by NHS England and NHS Improvement.

#### Other Employees

11.4. Where appropriate, the **Trust board** shall consider and approve proposals presented by the **Chief People Officer** for the setting of remuneration and conditions of service for those employees not covered by the Remuneration and Appointment Committee.

#### Funded Establishment and Staff Appointments

11.5. The staff establishment plans incorporated within the annual plans approved by the Trust board shall be regarded as the funded establishment. The funded establishment of any department should reflect the Trust's approved workforce plans, which form part of the Trust's budget plans submitted to NHSI.

11.6. The **Chief People Officer** shall ensure adherence to the Agenda for Change rules and approved policies and procedures and terms and conditions for employees paid on alternative contractual arrangements, including the consultant contract. These procedures shall address:

11.6.1. setting starting pay rates and conditions of service, for employees

11.6.2. approving plans to engage, re-engage employees, either on a permanent or temporary nature, or hire agency staff

11.6.3. agreeing to changes in any aspect of remuneration, including re-grading, within the Agenda for Change allowed rules

11.6.4. ensuring that all employees are issued with a contract of employment in a form which complies with employment legislation.

11.7. The **Budget Holder** shall ensure that the cost of the appointment, or change in conditions can be met within the limit of their approved budget and funded establishment.

#### Processing Payroll

11.8. The **Chief Financial Officer** shall maintain procedural instructions for delivery of the Trust's payroll function. These procedures shall be compliant with employment legislation, the Data Protection Act and HM Revenues and Customs regulations.

11.9. The **Chief Financial Officer** shall ensure that the arrangements for providing the payroll service are supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures; and that suitable arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies

11.10. Under the delegated authority of the **Chief Financial Officer**, the **Head of Payroll** shall:

11.10.1. specify timetables for submission of properly authorised time records and other notifications

11.10.2. agree the final determination of pay and allowances

11.10.3. arrange to make payment on agreed dates

11.10.4. agree allowed methods of payment.

- 11.11. **Nominated managers** shall ensure that the electronic staff record, including the approved staff establishment, is kept up to date. Nominated managers shall ensure that all staff are keeping their records complete, including requirements to:
- 11.11.1. submit time records, and other notifications in accordance with agreed timetables
  - 11.11.2. complete time records and other notifications (including, inter alia, annual leave, sickness, other absences) in accordance with the Chief Financial Officer's instructions
  - 11.11.3. submit forms notifying change in circumstances and termination of employment in the prescribed form, as soon as these changes are reported to them.

#### Travel and Subsistence Expenses

- 11.12. Reimbursement of expenses incurred by Trust staff shall be made by the Payroll Service in accordance with the Trust's relevant current policy and procedures; and subject to verification and authorisation of the claim by an officer with delegated authorisation for this purpose.

#### Use of Self-Employed Management Consultants and Contractors

- 11.13. The **Chief People Officer** shall establish procedures to ensure that the Trust's interests are protected in the contractual arrangements entered into with self-employed consultants and contractors. These procedures shall ensure that the contractual arrangements do not contravene HM Revenues and Customs' requirements regarding the avoidance of tax and national insurance contributions through the use of intermediaries, such as service companies or partnerships, known as Intermediaries Legislation, or "IR 35".
- 11.14. All Trust officers responsible for procuring services from self-employed individuals shall ensure that they comply with the procedures established.

## 12. Insurance, Including Risk Pooling Schemes Administered by NHS Resolution

- 12.1. The **Trust board** shall determine the Trust's arrangements for insurance cover, including the option to insure through the risk pooling schemes administered by NHS Resolution (previously the NHS Litigation Authority); or to self-insure for some or all of the risks covered by the risk pooling schemes, where these are deemed appropriate.
- 12.2. If the Trust board decides not to use the risk pooling schemes for any of the risk areas (clinical, property and employers and third party liability) covered by the scheme, this decision shall be reviewed annually.
- 12.3. The **Chief of Staff and Director of Corporate Governance** shall ensure that:
- 12.3.1. documented procedures cover the Trust's insurance arrangements, including for the management of any claims arising from third parties and payments in respect of losses which will not be reimbursed
  - 12.3.2. the arrangements entered into are appropriate and complementary to the risk management programme
  - 12.3.3. the Trust board is informed of the nature and extent of the risks that are self-insured in the event that the board decides not to use the risk pooling schemes administered by NHS Resolution for one or other of the risks covered by the schemes.
- 12.4. The **Chief Financial Officer** shall determine the level of insurance cover to be held by the Trust in the three discrete areas where the Trust can use commercial insurers:

- 12.4.1. insuring motor vehicles owned by the Trust including insuring third party liability arising from their use
- 12.4.2. where the Trust is involved with a consortium in a PFI contract and the other consortium members require that commercial insurance arrangements are entered into
- 12.4.3. where income generation activities take place, which are not covered by the NHS Resolution risk pool.

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

- 13.1. The **Chief Financial Officer** is responsible for compiling and submitting for Trust board approval an annual capital programme, which is affordable within available resources over the lifetime of the investment.
- 13.2. The **Chief Financial Officer** shall report to the board, the progress of delivery of the capital programme, against plan, during the year.
- 13.3. The **Chief Executive Officer** shall ensure that:
  - 13.3.1. there is an adequate appraisal and approval process in place for determining capital expenditure priorities and supporting systems to identify and assess the financial effect of each proposal on business plans
  - 13.3.2. all stages of capital schemes are managed and controlled adequately; and that schemes are delivered on time and to cost
  - 13.3.3. capital investment is risk assessed against the declared commissioning strategic plans of significant commission organisations and is consistent with the Trust's long term strategic plans.
- 13.4. In accordance with the SoDFAs, for capital expenditure proposals above defined limits, the **Chief Financial Officer** shall ensure that a business case is produced in accordance with the Trust's approved procedures, and is considered by the **Finance, Investment & Operations Committee** for schemes with a value above the limits delegated to officers. The business case shall set out, as a minimum:
  - 13.4.1. an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs
  - 13.4.2. the involvement of appropriate Trust personnel and external agencies
  - 13.4.3. appropriate project management and control arrangements
  - 13.4.4. Post implementation evaluation process.
- 13.5. The approval of a capital programme shall not constitute approval for expenditure on any scheme.
- 13.6. The **Chief Financial Officer** shall:
  - 13.6.1. review the costs and revenue analysis, including revenue consequences included in the business case
  - 13.6.2. ensure that, in higher cost, or higher risk investments, advice has been sought from the NHSE/I; and that appropriate Risk Evaluation for Investment Decisions (REID) analysis has been completed.
- 13.7. For approved capital schemes, the **Chief Financial Officer** shall:
  - 13.7.1. issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes
  - 13.7.2. agree arrangements for managing stage payments

- 13.7.3. maintain procedures for monitoring and reporting on the progress of delivery of contracts; and capital expenditure and commitments against plans and against the Trust's capital programme.
- 13.8. Where appropriate the Chief Financial Officer, should seek advice on the requirement for the operation of the construction industry tax deduction scheme in accordance with Inland Revenue guidance.
- 13.9. Authorisations issued to the manager(s) responsible for any scheme shall be made in accordance with the value limits set out in the Scheme of Delegated Authorities:
  - 13.9.1. specific authority to commit expenditure;
  - 13.9.2. authority to proceed to tender
  - 13.9.3. approval to accept a successful tender

### Financing Arrangements

- 13.10. Section 18 below covers the explicit use of borrowing as part of distinct financing transactions. This section addresses the use of financing (implicit or explicit) provided in conjunction with the provision of goods or services.
- 13.11. The **Chief Financial Officer** must be consulted on, and give approval for, all use of external financing provided as part of the provision of goods or services that goes beyond normal contractual settlement terms.
- 13.12. This includes any leases which will be accounted for "on-Balance Sheet" under the prevailing accounting standards, as well as any PFI arrangements, loans, credit arrangements or deferred payment agreements.
- 13.13. If there is any ambiguity around the nature of a proposed arrangement, the **Chief Financial Officer** or their nominated representatives should be consulted prior to contractual or spending commitments being made.
- 13.14. All leasing proposals which would result in the recognition of assets that would qualify as capital expenditure should go through the normal capital expenditure approval process. All other contracts or financial commitments should also go through the appropriate governance route per the Scheme of Delegated Financial Authorities once approved by the Chief Financial Officer. As part of these processes, all proposed arrangements must demonstrate a clear rationale and value for money when compared to internal financing options.

### Asset Registers

- 13.15. The **Chief Financial Officer** shall maintain registers of assets and shall maintain procedures for keeping the registers up to date, including provision for arranging for physical confirmation of the existence of assets against the asset register to be conducted , ideally once a year, but at least every three years
- 13.16. The **Chief Financial Officer** shall maintain procedures for verifying additions and amendments to the assets recorded in the asset register. These procedures and records will include:
  - 13.16.1. additions to the fixed asset register clearly identified to an appropriate cost centre.

- 13.16.2. properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties
  - 13.16.3. records of costs incurred within the Trust, on stores, requisitions and labour including appropriate overheads
  - 13.16.4. lease agreements in respect of assets held under a finance leases.
- 13.17. The **Chief Financial Officer** shall approve arrangements to maintain procedures for controlling the disposal of assets and updating of asset registers and financial records to reflect the event. These procedures will include the requirement for the authorisation and validation of the de-commissioning and disposal of the asset.
- 13.18. The **Chief Financial Officer** shall approve procedures for:
- 13.18.1. applying depreciation charges and indexation valuation adjustment to assets, using methods and rates as specified in the Manual for Accounts issued by the DHSC regarding Trusts' accounting policies, compiled in accordance with best accounting practice
  - 13.18.2. reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.

#### Security of Assets

- 13.19. The **Chief Executive Officer**, shall maintain procedures for controlling the security of assets, including fixed assets, cash, cheques and negotiable instruments. The procedures will include:
- 13.19.1. recording managerial responsibility for each asset
  - 13.19.2. identification of additions and disposals
  - 13.19.3. identification of all repairs and maintenance expenses
  - 13.19.4. physical security of assets
  - 13.19.5. periodic verification of the existence of, condition of, and title to, assets recorded
  - 13.19.6. identification and reporting of all costs associated with the retention of an asset
  - 13.19.7. reporting, recording and safekeeping of cash, cheques, and negotiable instruments.
- 13.20. **All employees** are responsible for the security of property of the Trust and for following such routine security practices in relation to NHS property as may be determined by the board. Any breach of agreed security practices, or damage and losses to Trust property shall be reported in accordance with agreed procedures.
- 13.21. Where practical, assets should be marked as Trust property.

#### Disposals and Condemnations

- 13.22. The **Chief Financial Officer** shall prepare procedures for the disposal of assets including condemnations and ensure that these are notified to managers. The procedures will include arrangements to be followed for:
- 13.22.1. condemning and disposing of unserviceable and redundant assets
  - 13.22.2. maintaining records of assets disposed of, including confirmation of destruction of condemned assets
  - 13.22.3. specific processes to be followed in instances where assets are passed on for future use to another organisation
  - 13.22.4. the sale of assets, including through competitive bids and negotiated bids; and sales linked to larger contracts for work, such as assets arising from works of construction, demolition or site clearance.

- 13.23. The **departmental manager** responsible for the decision to dispose of an asset shall advise the **Chief Financial Officer** of the estimated market value of the asset, taking account of professional advice where appropriate.

#### 14. Bank Accounts and Government Banking Service Accounts

- 14.1. The **Trust board** shall:
- 14.1.1. approve the banking arrangements for the Trust.
- 14.2. The **Chief Financial Officer** is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of bank accounts. This advice will take into account guidance and Directions issued by the DHSC.
- 14.3. The **Chief Financial Officer** shall:
- 14.3.1. establish and maintain necessary commercial bank accounts and Government Banking Service (GBS) accounts
- 14.3.2. advise the Trust's bankers, formally in writing, of the conditions under which each account will be operated (the bank mandate)
- 14.3.3. seek to limit the use of commercial bank accounts and the value of cash balances held within them in accordance with guidance issued by the DHSC – the maximum value to be held at the time of publication (2014) was £49,999
- 14.3.4. conduct the Trust's main banking services and financial transactions using accounts provided by the GBS.
- 14.4. Only the **Chief Financial Officer**, or their nominated representative, is authorised to open, operate and control a bank account, where monies owned by the Trust, including charitable funds, are received or expended. All such accounts must be held in the name of the Trust. It is a disciplinary offence for any other officer of the Trust to establish and operate such an account.
- 14.5. The **Chief Financial Officer** shall:
- 14.5.1. Ensure that payments made from bank or GBS accounts do not exceed the amount credited to the account
- 14.5.2. monitor compliance with DHSC guidance on the level of cleared funds.

Where such processes are undertaken by a third party these will be specified in a Service Level Agreement with the provider.

#### Banking Procedures

- 14.6. The **Chief Financial Officer** shall prepare detailed instructions on the operation of bank and GBS accounts which shall include:
- 14.6.1. the conditions under which each bank and GBS account is to be operated
- 14.6.2. details of those authorised to sign cheques or other orders drawn on the Trust's accounts
- 14.6.3. details of limits to delegated authority, including the number of authorised signatories required, and arrangements for authorising alternative mechanisms or 'signing' cheques and orders.

#### Tendering and Review

- 14.7. The **Chief Financial Officer** shall review the commercial banking arrangements of the Trust at regular intervals to ensure they continue to reflect best practice and represent best value for money.



- 14.8. Competitive tenders should be sought at least every five years. The **Chief Financial Officer** shall report to the Trust board the reason(s) for continuing existing banking arrangements for longer than five years, without competitive review.
- 14.9. The **Chief Financial Officer** shall report the results of any tendering exercise to the board. This review is not necessary for GBS accounts.

#### Trust Credit Cards/Purchase Cards

- 14.10. The **Chief Financial Officer**, or their nominated representatives, shall approve the allocation and operation of credit cards on behalf of the Trust; implement arrangements to monitor whether the credit cards are being used appropriately; and take action where inappropriate use is identified.

#### Security of Cash, Cheques and Other Negotiable Instruments

- 14.11. The **Chief Financial Officer** shall:
- 14.11.1. approve the form of all receipts , agreement forms, or other means of officially acknowledging or recording monies received or receivable
  - 14.11.2. maintain adequate systems for ordering and securely controlling any such stationery
  - 14.11.3. provide adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, and procedure notes for the safe storage of keys, and for coin operated machines
  - 14.11.4. prescribe systems and procedures for handling cash and negotiable securities on behalf of the Trust.
  - 14.11.5. Where such issues are undertaken by an external provider, detailed requirements will be specified in a Service Level Agreement with the provider.
  - 14.11.6. The Trust's money shall not under any circumstances be used for the encashment of private cheques.
  - 14.11.7. All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Chief Financial Officer.
  - 14.11.8. The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Trust is not to be held liable for any loss, and written indemnities must be obtained from the organisations or individuals absolving the Trust from responsibility for any loss.

### 15. Investments

- 15.1. Temporary cash surpluses must be held only in such public or private sector investments as notified by the Secretary of State and authorised by the Trust board. The current rules require that surplus funds are held in the Trust's GBS accounts.

### 16. Management of Debtors

- 16.1. The **Chief Financial Officer** shall: maintain effective processes for the appropriate recovery action on all outstanding debts
- a) Maintain effective processes for the appropriate recovery action on all outstanding debts
  - b) Deal with instances of income not received, in accordance with losses procedures
  - c) Maintain effective processes to prevent, or detect overpayments and initiate recovery when this occurs.

## 17. Stores and Receipt of Goods

- 17.1. The **Chief Financial Officer** shall determine procedures for the management of stocks of resources, defined in terms of controlled stores and departmental stores. These will **address the procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses**; and include the principles that stocks are;
- a) managed so that best value for money can be achieved whilst maintaining minimum safe stock levels
  - b) subjected to annual stock take as a minimum, where rolling stock checks are not in place
  - c) valued at the lower of cost and net realisable value
- 17.2. The **Chief Financial Officer, Director of Estates and Facilities, Chief Pharmacist and Divisional Directors** shall:
- a) delegate responsibility for the management of stores to relevant, suitably qualified departmental managers
  - b) (Taking expert advice where necessary) define the security arrangements and the custody of keys for any stores and locations in writing. Wherever practicable, stocks should be marked as health service property
  - c) approve alternative arrangements for the management of stores where a complete system of stores control is not justified
  - d) identify those authorised to requisition and accept goods supplied.
- 17.3. The **designated store manager** shall:
- a) Maintain stocks in line with clearly defined local procedures that are consistent with the overall requirements set out by the Trust
  - b) implement periodic review of slow moving and obsolete items; and for condemnation, disposal, and replacement of all unserviceable articles
  - c) report to the Chief Financial Officer any evidence of significant overstocking and of any negligence or malpractice in the management and use of stocks.

## 18. External Borrowing and Public Dividend Capital

- 18.1. The **Chief Financial Officer** shall approve the acceptance of all Public Dividend Capital awards.
- 18.2. The **Chief Financial Officer** shall assure the Trust board on the Trust's ability to pay dividend on, and repay Public Dividend Capital (PDC) and any proposed new borrowing, within the limits set by the DHSC. The Chief Financial Officer shall also provide periodic reports to the Board concerning the PDC debt and all loans.
- 18.3. The **Trust Board** shall agree the list of employees authorised to make short-term borrowings on behalf of the Trust. This shall include the Chief Executive Officer and the Chief Financial Officer.
- 18.4. The **Chief Financial Officer** shall prepare detailed procedural instructions concerning applications for loans and shall ensure that:
- a) all short-term borrowings are kept to the minimum period of time possible, consistent with the Trust's overall cash flow position, represent good value for money, and comply with the latest guidance from the DHSC
  - b) the Trust board is made aware of all short term borrowings at the next meeting.
- 18.5. All long-term borrowing (where the borrowing is not an arrangement covered by section 13 above) must be approved in accordance with the Scheme of Delegated Financial

Authority. The **Finance, Investment and Operations Committee** shall ensure that all proposed long-term borrowing is consistent with the Trust's financial plans; and make recommendations to the Trust Board around the borrowing.

## 19. Losses and Special Payments

- 19.1. The **Chief Financial Officer** shall prepare procedural instructions for maintaining a register of losses and special payments, including write-offs, condemnations and ex-gratia payments; and on the recording of and accounting for losses and special payments, including ex-gratia payments. The records will include:
- a. the nature, gross amount (or estimate if an accurate value is not available), and the cause of each loss
  - b. the action taken, total recoveries and date of write-off where appropriate
  - c. the category in which each loss is to be noted.
- 19.2. The **Chief Financial Officer** shall determine the nature and/or value of losses which must be reported immediately to the Chief Financial Officer or Chief Executive Officer:
- a) where fraud or corruption is suspected, this shall be reported to the Local Counter Fraud Specialist, in accordance with the Trust Counter Fraud and Corruption Policy
  - b) where a criminal offence is suspected, the **Chief Financial Officer** must immediately inform the police if theft or arson is involved
  - c) where losses, other than those that are clearly trivial, are apparently caused by theft, arson, neglect of duty or gross carelessness, the **Chief Financial Officer** must immediately notify the external auditor and the Trust Board.
- 19.3. **Any employee** discovering or suspecting a loss of any kind shall immediately inform their head of department and ensure that the loss is recorded in accordance with instructions.
- 19.4. The **Trust Board** shall ratify the write-off of losses, compensations and ex-gratia payments, within the limits delegated to it by the DHSC.
- 19.5. The **Audit, Risk and Governance Committee** shall receive regular reports of losses, compensations and ex-gratia payments made.
- 19.6. The **Chief Financial Officer** shall be authorised to:
- a) take any necessary steps to safeguard the Trust's interests in the event of bankruptcies and company liquidations
  - b) investigate whether any insurance claim can be made.

## 20. Patients' Property

- 20.1. The Trust has a responsibility to provide safe custody for money and other personal property (hereafter referred to as "property") handed in by patients, in the possession of unconscious or confused patients, or found in the possession of patients dying in hospital or dead on arrival (see "Guidance for NHS organisations on the secure management of patients' property", NHS Protect, July 2012; and Health and Social Care Act 2008, (Regulated Activities) regulations 2010).
- 20.2. The **Chief Financial Officer** shall ensure that patients or their guardians, as appropriate, are clearly and suitably informed before or on admission into hospital that the Trust will not accept responsibility or liability for patients property brought into NHS premises, unless it is handed in for safe custody and a copy of an official patients property record is obtained as a receipt.

- 20.3. The **Chief Financial Officer** shall provide procedural instructions on the collection, custody, banking, 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. These instructions will include arrangements for:
- a) managing large amounts of money handed over by longer stay patients
  - b) restricting the use of patients' monies for purposes specified by the patient, or their guardian.
- 20.4. 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.
- 20.5. **Departmental and senior managers** shall inform staff of their responsibilities and duties for the administration of the property of patients.

## 21. Retention of Records

- 21.1 The **Chief Executive Officer** is responsible for managing all NHS records, regardless of how they are held; and shall require policy and procedures to be followed that ensure compliance with the current DHSC best practice guidelines on records management. These procedures will include arrangements for:
- a) managing archives of all records required to be retained in accordance with DHSC guidelines
  - b) records held in archives to be accessible for retrieval by authorised persons
  - c) destruction of records in accordance with the DHSC "Records Management: NHS Code of Practice" Part 1 (30 March 2006) and Part 2 (8 January 2009).
- 21.2 Where documents are held by a Shared Business Service detailed records storage requirements will be set out in a SLA with the Shared Business Service.

## 22. Information Technology and Data Security

- 22.1 The **Chief Information Officer** shall be responsible for the accuracy and security of the performance and financial data of the Trust and shall devise and implement any necessary procedures to ensure:
- a) computer assets and data programmes are protected from theft or damage
  - b) adequate and reasonable protection of the Trust's data from deletion or modification; accidental or intentional disclosure to unauthorised persons, having due regard for the Data Protection Act 1998
  - c) adequate controls operate over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data
  - d) controls exist such that the computer operation is separated from development, maintenance and amendment
  - e) adequate audit trails exist through the computerised system; and that these are subjected to periodic reviews as may be considered necessary.
- 22.2 Where computer systems have an impact on corporate financial systems, the **Chief Financial Officer** shall ensure that new systems and amendments to existing financial systems are developed in a controlled manner and thoroughly tested prior to implementation. The Chief Financial Officer shall gain assurance that:

- a) systems acquisition, development and maintenance are delivered in line with contractual agreements and Trust procedures
- b) new systems that have an impact on, or are replacing existing financial systems are developed in a controlled way and thoroughly tested before they are put into practice. External organisations providing this service will need to provide assurances that what they do is adequate
- c) data produced for use with financial systems is adequate, accurate, complete and timely, and that a management audit trail exists
- d) finance staff have the necessary levels of access to such data
- e) such computer audit reviews as are considered necessary are being carried out.

22.3 The **Chief Executive Officer** shall maintain a Freedom of Information (FOI) Publication Scheme, consistent with models approved by the Information Commissioner.

#### **Contracts for Computer Services with Other Health Bodies or Outside Agencies**

22.4 The **Chief Financial Officer** shall ensure that any contract 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 shall also ensure rights of access for audit purposes.

22.5 Where another health organisation or any other agency provides a computer service for financial applications, the Chief Financial Officer shall periodically seek assurances that adequate controls are in operation.

### **23 Risk Assessment**

The **Chief Information Officer** shall ensure that risks to the Trust arising from the use of IT are effectively identified and considered; and appropriate action is taken to mitigate or control risk. This shall include the preparation and testing of appropriate disaster recovery plans.

### **24 Risk Management**

24.1. The Chief of Staff and Director of Corporate Governance shall ensure that the Trust has adequate procedures for managing risk and meeting current DHSC requirements for assurance frameworks, which shall be approved and monitored by the Trust board.

24.2. The programme of risk management shall include:

- 24.2.1. arrangements for identifying and quantifying risks and potential liabilities
- 24.2.2. promotion, to all levels of staff, of a positive attitude towards the identification and management of risk
- 24.2.3. procedures to ensure all significant risks and potential liabilities are assessed and addressed, including through maintenance of effective systems of internal control, cost effective insurance cover, and decisions on the acceptable level of retained risk
- 24.2.4. contingency plans to offset the impact of adverse events
- 24.2.5. arrangements for reviewing the effectiveness of the risk management processes in place, including: internal audit; clinical audit; and health and safety review
- 24.2.6. arrangements for reviewing the risk management programme.

- 24.3. The Chief of Staff and Director of Corporate Governance shall ensure that the existence, integration and evaluation of the risk management system is used to inform the Annual Governance Statement within the Annual Report and Accounts as required by current DHSC guidance.

## 25 Audit

- 25.1. In accordance with Standing Orders, the **Trust board** shall formally establish an **Audit Committee**, with clearly defined terms of reference. The Committee shall be known as the Audit, Risk and Governance Committee (the Committee). The Committee will seek assurance for the Trust board on the range of issues in accordance with guidance from the NHS Audit Committee Handbook (2014), which will provide an independent and objective view of internal control by:
- 25.1.1. overseeing internal and external audit services
  - 25.1.2. reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgments
  - 25.1.3. reviewing 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
  - 25.1.4. monitoring compliance with Standing Orders, Standing Financial Instructions, delegations and reservations
  - 25.1.5. reviewing schedules of losses and compensations and advising the Trust board where necessary
  - 25.1.6. reviewing the arrangements in place to support the application of the Assurance Framework on behalf of the Trust board and advising the Trust board accordingly.
- 25.2. Where the Committee considers there is evidence of *ultra vires* transactions, or improper acts, or if there are other important matters that the Committee wishes to raise, the Chair of the Committee should raise the matter at a full meeting of the Trust board. Exceptionally, the matter may need to be referred to the DHSC (to the Chief Financial Officer in the first instance).
- 25.3. It is the responsibility of the **Chief Financial Officer** to ensure an adequate internal audit service is provided. The Committee shall be involved in the selection process when the internal audit service provision is subjected to market testing.
- 25.4. In the case where a third party provider is used for any financial services, **Chief Financial Officer** shall ensure that maintenance of an adequate internal audit service is specified in any service level agreement/contract and shall further specify assurance arrangements between the Trust's internal and external auditors and the third parties auditors.
- 25.5. The **Chief Financial Officer** shall ensure that:
- 25.5.1. there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an independent and effective internal audit function
  - 25.5.2. the Head of Internal Audit is sufficiently qualified and experienced to perform that role; to facilitate the effective discussion of the results of internal audit work with senior management
  - 25.5.3. the internal audit service is adequate and meets the NHS Internal Audit Standards (DHSC, April 2011)

- 25.5.4. the internal audit service provides the Committee with an annual report of the coverage and results of the work of the service. The report must address, as a minimum:
- a clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the DHSC
  - major internal financial control weaknesses identified
  - progress on the implementation of internal audit recommendations
  - progress against plan over the previous year
  - strategic audit plan covering the forthcoming three years
  - a detailed audit plan for the next financial year.
- 25.5.5. the police are informed at the right time, in cases of misappropriation and other irregularities not involving fraud or corruption
- 25.5.6. there is effective liaison with the Trust's appointed Local Counter Fraud Specialist (LCFS), or NHS Protect on all suspected cases of fraud and corruption and all anomalies which may indicate fraud or corruption.
- 25.6. The **Chief Financial Officer** and designated auditors are entitled to require and receive, without necessarily giving prior notice, the following:
- 25.6.1. access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature
- 25.6.2. access at all reasonable times to any land, premises or members of the Trust board or employees of the Trust
- 25.6.3. sight of any cash, stores or other property of the Trust under the control of any member of the board or Trust employee
- 25.6.4. explanations concerning any matter under investigation.
- Internal Audit**
- 25.7. The internal audit service shall:
- 25.7.1. provide an independent and objective assessment for the Chief Executive Officer, the Trust board and the Audit, Risk and Governance Committee on the degree to which risk management, control and governance arrangements support the achievement of the Trust's objectives.
- 25.7.2. operate independently of the decisions made by the Trust and its employees; and of the activities which it audits. No member of the team providing the internal audit service will have executive responsibilities.
- 25.8. The **Head of Internal Audit** shall develop and maintain an Internal Audit Strategy for providing the Chief Executive Officer with an objective evaluation of; and opinions on the effectiveness of the Trust's risk management, control and governance arrangements. The planned programme of work will inform the Head of Internal Audit's opinion. This will contribute to the framework of assurance that supports completion of the Annual Governance Statement, which forms part of the annual financial accounts.
- 25.9. **The Head of Internal Audit** shall ensure that the audit team is adequately staffed and that there is access to the full range of knowledge, skills, qualifications and experience needed to deliver the internal audit plan in line with the NHS Internal Audit Standards (DHSC, April 2011).
- 25.10. **The Head of Internal Audit** will normally attend the Audit, Risk and Governance Committee meetings and has an independent right of access to all Committee members, the Chair and Chief Executive Officer of the Trust.

- 25.11. **The Head of Internal Audit** shall be accountable to the Chief Financial Officer. The reporting system for internal audit shall be agreed between the Chief Financial Officer, the Audit Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit Standards (DHSC, April 2011).
- 25.12. The internal audit service will review, appraise and report upon:
- 25.12.1. the extent of compliance with and the financial effect of, relevant policies, plans and procedures
  - 25.12.2. the adequacy and application of financial and other related management controls
  - 25.12.3. the suitability of financial and other related management data
  - 25.12.4. the extent to which the Trust's assets and interests are accounted for and safeguarded from loss of any kind, arising from
  - 25.12.5. fraud and other offences
  - 25.12.6. waste, extravagance and inefficient administration
  - 25.12.7. poor value for money or other causes.
- 25.13. 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 **Chief Financial Officer** must be notified immediately.
- 25.14. In obtaining third party assurance from other auditors, for example the Head of Internal Audit should follow the Internal Auditors Practitioners Group (IAPG) assurance guidance.

#### External Audit

- 25.15. From 2017/18, the Trust is responsible for appointing its own auditor (as outlined in the Local Audit and Accountability Act 2014), and Local Audit (Health Services Bodies Audit Panel and Independence) Regulations 2015.
- 25.16. The **External Auditor** shall be appointed by the **Audit Panel**. The Trust has decided that the Audit, Risk and Governance Committee (Part II) shall act as the Audit Panel. The Audit, Risk and Governance Committee shall ensure that a cost-effective service is provided.

#### Counter Fraud and Corruption Services

- 25.17. The **Chief Financial Officer** shall ensure that:
- 25.17.1. the Trust's Counter Fraud and Corruption Policy is maintained and remains up to date and takes full account of the Bribery and Corruption Act
  - 25.17.2. a qualified Local Counter Fraud Specialist is appointed to the Trust to deliver the requirements of the Policy, in accordance with the requirements of the NHS Standard Contract (currently 2013/14).
- 25.18. The **Chief Financial Officer** shall prepare and maintain a risk assessment on bribery and a prioritised list of actions.
- 25.19. The appointed **Local Counter Fraud Specialist** shall report to the **Chief Financial Officer** and shall work with staff in NHS Protect, when required.
- 25.20. The **Local Counter Fraud Specialist** will provide a written report to the Audit, Risk and Governance Committee, on an annual basis at least, on the counter fraud work completed within the Trust.



### Security Management

- 25.21. The **Director of Estates** shall ensure that a qualified Local Security Management Specialist is appointed to provide security management services to the Trust, in accordance with the requirements of the NHS Standard Contract (currently 2013/14).
- 25.22. The **Local Security Management Specialist** will provide a written report to the Audit, Risk and Governance Committee, on an annual basis at least, on the security management work completed within the Trust.