

UNIVERSITY HOSPITALS BRISTOL NHS FOUNDATION TRUST
STANDING FINANCIAL INSTRUCTIONS

January 2019

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1 Introduction

1.1 Purpose and Content

- 1.1.1 These Standing Financial Instructions (SFIs) regulate the conduct of the Trust, its members, employees and agents in relation to all financial matters.
- 1.1.2 These Standing Financial Instructions explain the financial responsibilities, policies and procedures to be adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law, the requirements of the Independent Regulator and best practice in order to achieve probity, accuracy, economy, efficiency and effectiveness in the way the Trust manages public resources. They should be used in conjunction with the Standing Orders, Schedule of Matters Reserved to the Trust Board (appendix 1) and the Scheme of Delegation (appendix 2) adopted by the Trust.
- 1.1.3 These Standing Financial Instructions identify the financial responsibilities which apply to **everyone** working for the Trust and its constituent organisations including trading units. They do not provide detailed procedural advice and should be read in conjunction with the relevant departmental guidance and the financial procedure notes (available on the intranet or via the Finance Department). All detailed financial procedures must be approved by the Director of Finance.
- 1.1.4 These Standing Financial Instructions do not include applicable Regulator's guidance; the current version of all relevant guidance should be consulted. They also do not contain every legal obligation applicable to the Trust.
- 1.1.5 Each section in the Standing Financial Instructions clearly sets out its objectives and the financial responsibilities, policies and procedures relevant to it which must be complied with. When situations arise which are not specifically covered by this document, staff and Trust Board members are required to act in accordance with the spirit of the instructions as set out in the objectives.
- 1.1.6 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Director of Finance must be sought before acting. The user of these Standing Financial Instructions should also be familiar with and comply with the provisions of the Trust's Standing Orders.
- 1.1.7 These Standing Financial Instructions have been reviewed by the Trust's Finance Committee and approved by the Trust Board. It is expected that all staff employed by the Trust will comply with these instructions at all times. **The failure to comply with the Trust's standing financial instructions and standing orders could result in disciplinary action up to and including dismissal.** Should any other guidance or departmental policies appear to conflict with these instructions, these Standing Financial Instructions will prevail. Any apparent conflict should be brought to the attention of the Director of Finance.
- 1.1.8 If for any reason these Standing Financial Instructions are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the Director of Finance. All members of the Board and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Director of Finance as soon as possible. The Director of Finance shall investigate and decide on the appropriate action to be taken. This will be reported to the next formal meeting of the Audit Committee for consideration.
- 1.1.9 These Standing Financial Instructions and associated scheme of delegation should be reviewed annually.

- 1.1.10 All references to NHS Improvement refer to the Independent Regulator of Foundation Trusts as established under the National Health Service Act 2006.

1.2 Responsibilities and Delegation

1.2.1 The Trust Board

- 1.2.2 The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the Schedule of Matters Reserved to the Trust Board at Appendix 1. Those aside, all executive powers are invested in the Chief Executive, who is the Accounting Officer.

The Board as a whole, and each member of the Board, is accountable for the financial performance of the Trust

1.2.3 The Chief Executive and Director of Finance

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

Wherever the title Chief Executive or Director of Finance is used in these instructions, it is deemed to include the deputies where they have been duly authorised by them to represent them.

The Chief Executive

The Chief Executive is ultimately accountable to the Board, and as Accounting Officer, to the Secretary of State and NHS Improvement, for ensuring that the Board meets its obligation to perform its functions within the available financial resources. The Chief Executive has overall executive responsibility for the Trust's activities, is responsible to the Chair and the Board for ensuring that its financial obligations and targets are met and has overall responsibility for the Trust's system of internal control.

It is the responsibility of the Chief Executive to ensure that all staff are notified of and are required to understand their responsibilities within these instructions.

The Director of Finance

The Director of Finance is responsible for the implementation and monitoring of the Trust's financial policies and for ensuring any corrective action necessary to further these policies. In particular they will:

- provide financial advice to the Board, managers and other employees of the Trust
- design, implement and supervise systems of financial control
- prepare and maintain such accounts, certificates, financial estimates, records and reports as the Trust may require for the purpose of carrying out its statutory and other duties
- ensure 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

The Director of Finance requires that any officer who carries out a financial function does so in a manner and maintains records in a form that meets with their requirements.

The Director of Finance shall prepare, document and maintain detailed financial procedures and systems incorporating the principles of segregation of duties an internal checks. These procedures should be read as forming part of the Standing Financial Instructions.

1.2.4 All Trust Employees

All Trust Employees are responsible for:

- a) the security of the property of the Trust.
- b) avoiding loss.
- c) ensuring economy, efficiency and value for money in the use of public resources.
- d) complying with the Trust's Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation.

The scheme of delegation at appendix 2 contains all delegated authorities to nominated officers. Whilst these officers remain responsible for these authorities, should they delegate matters to other individuals within their organisational control, evidence should be maintained of this ensuring the understanding by the delegated officer of their associated responsibilities. This must be regularly reviewed.

All references in these instructions to 'employee' or 'officer' shall be deemed to include all salaried staff or those under contract to the Trust. This includes staff supplied using agency contracts even though the terms of supply may be covered in an agreement with the supplying organisation.

It is the responsibility of managers to ensure that both existing staff and new appointees within their management area know and understand their responsibility to comply with these instructions.

1.2.5 Hosting Arrangements

Where the Trust hosts an organisation with a separate management board, the financial transactions supporting the day to day business of the organisation shall be strictly in accordance with the Trust's Standing Financial Instructions, policies and procedures. Responsibility for decision making, planning and reporting will be delegated in accordance with the hosting agreement or as specified in the scheme of delegation.

2 Planning, Budgets and Budgetary Control

2.1 Objective

- 2.1.1 To ensure the Trust Board is provided with the information required regarding the planning and development of the Trust's activities and finances to enable the Trust's Directors to fulfil their responsibilities. To provide assurance that the Trust exercises proper control of income and expenditure throughout the year. To inform budget managers of their delegated responsibilities.

2.2 Preparation and Approval of Annual Plans and Budgets

- 2.2.1 The Chief Executive will, with the assistance of, other Directors, compile and submit to the Trust Board an annual plan, strategic and operational plans required to support their accountability for the financial performance of the Trust. As a minimum this will meet the requirements laid down by NHS Improvement. The annual plan will contain a statement of the significant assumptions on which the plan is based and details of major changes in workload, delivery of services or resources required to achieve the plan.

- 2.2.2 The Chief Executive will, with the assistance of, other Directors, compile and submit to the Trust Board an annual plan, strategic and operational plans required to support their accountability for the financial performance of the Trust. As a minimum this will meet the requirements laid down by Monitor NHS Improvement. The annual plan will contain a statement of the significant assumptions on which the plan is based and details of major changes in workload, delivery of services or resources required to achieve the plan.

- 2.2.3 Prior to the start of the financial year the Director of Finance will, on behalf of the Chief Executive, prepare and submit a financial plan supporting the annual plan for approval by the Board. This will include:

- the expected level of income and the sources of that income
- the planned level of surplus or deficit
- how expenditure is to be managed in order to achieve the planned surplus or deficit
- the effect on the NHS Improvement's Use of Resource Rating
- the impact on the Trust's Statement of Financial Position
- cash flow and levels of borrowing
- the cost pressures faced by the Trust
- savings plans which need to be achieved
- potential risks which may affect the financial position of the Trust

The financial plan will

- be in accordance with the aims and objectives set out in the Trust's annual business plan
- accord with capacity and workforce plans
- be produced in accordance with principles agreed with the Senior Leadership Team as advised by the Director of Finance.

- 2.2.4. The Director of Finance is responsible for the preparation of the overall Trust budget within the total income receivable by the Trust, and in accordance with its agreed strategies and policies. Operational budgets shall be set at the beginning of each financial year by financial and operational managers in line with the Trust's approved budget.

2.2.5 Operational plans shall be compiled for each Division by the Clinical Chairs and Divisional Directors and for each corporate service area by the Head of Service. These plans should reflect the Trust's annual business plan and the budget, and will be approved by the Chief Executive.

2.2.6 Appropriate Trust employees shall provide the Directors with all financial, statistical and other relevant information, as required, in order to enable the compilation of plans and budgets.

2.3 Budgetary Delegation

2.3.1 The Chief Executive may delegate the management of budgets for defined services to the Clinical Chairs / Divisional Directors or Heads of Corporate Services responsible for the management of those services. Delegation and associated responsibilities must be clearly communicated. Control of budgets shall be exercised in accordance with these Standing Financial Instructions and supplementary guidance issued by the Director of Finance.

2.3.2 Clinical Chairs, Divisional Directors and Heads of Corporate Service with budgetary responsibility must ensure that their budgets are structured appropriately to ensure effective budgetary control. Whilst accountable for the overall budget management, Clinical Chairs, Divisional Directors and Heads of Corporate Service are authorised to delegate the management of specific budgets to named budget managers. Delegation and associated responsibilities must be clearly communicated to these budget managers. It is the responsibility of the Head of Division/Corporate Service to ensure the budget structure and delegation to budget managers is maintained in line with organisational and staff changes.

2.3.3 The Chief Executive and delegated budget holders must not exceed the budgetary total set by the Trust Board, except as specified below:

- a) The Chief Executive may vary the budgetary limit of a Division or Service within the Trust's total budgetary limit.
- b) Clinical Chairs, Divisional Directors and Heads of Corporate Services are permitted to authorise expenditure over the budget on individual budgets within their delegated areas provided this does not cause their delegated budget area to overspend or to exceed the financial limit set by (a) above.

2.3.4 Except where otherwise approved by the Chief Executive, taking account of advice of the Director of Finance, budgets shall be used only for the purpose for which they were provided and any budgeted funds not required for their designated purposes shall transfer to the Trust's reserves, unless covered by the delegated powers of virement.

2.3.5 Non-recurring budgets must not be used to finance recurring expenditure unless authorised by the Director of Finance.

2.3.6 Expenditure for which there is no provision in an approved budget and is not subject to funding under the delegated powers of virement, or approved procedures for new funding obtained during the year, may only be incurred if authorised by the Chief Executive.

2.3.7 Budget limits, individual and group responsibilities for the control of expenditure, exercise of virement, and achievement of planned levels of income and expenditure, shall be set out annually in a Resources Book approved by the Trust Board.

2.4 Budgetary Control and Reporting

- 2.4.1 The Director of Finance is responsible for maintaining an effective system of budgetary control. All Trust staff responsible for the management of a budget or for incurring expenditure or collecting or generating income on behalf of the Trust must comply with these controls.
- 2.4.2 The Director of Finance is responsible for providing financial information and advice to enable the Board, Chief Executive and other officers to carry out their budgetary responsibilities. This includes:
- a) monthly financial reports to the Board in a form approved by the Board containing:
 - i. income and expenditure to date against plan and forecast year-end position,
 - ii. the statement of financial position, changes in working capital and other material balances
 - iii. monthly cash flow monitoring of actual against plan and forecast year-end position,
 - iv. capital expenditure against plan and forecast year-end position,
 - v. achievement against the savings programme
 - vi. explanations of any material variances from plan,
 - vii. details of any corrective action where necessary and the Chief Executive's and/or Director of Finance's view of whether such actions are sufficient to correct the situation,
 - viii. performance against NHS Improvement's Single Oversight Framework
 - b) providing timely, accurate and comprehensible advice and financial information to all budget holders, covering the areas for which they are responsible,
 - c) providing clear financial processes and procedures governing the operation of budgets,
 - d) training and support to budget holders to allow them to undertake their financial responsibilities,
 - e) investigation and reporting of variances from financial, activity and workforce budgets,
 - f) monitoring of management action to correct variances,
 - g) arrangements for the authorisation of budget transfers.
- 2.4.3 The Director of Finance shall keep the Chief Executive and Board informed of the financial consequences to the Trust of changes in government policy, pay, terms and conditions, accounting standards and any other events affecting the current or future financial plans of the Trust.
- 2.4.4 All delegated budget managers are responsible for ensuring that:
- a) they check and validate all monthly budget statements,
 - b) they fully understand their financial responsibilities and have received the required training and support to understand the financial information presented to them to fulfil these responsibilities,
 - c) any likely overspending or reduction of income, which cannot be met by virement, is not incurred without the prior consent of the Head of Division/Service as per 2.3.3 (b) above,
 - d) their delegated budget is only used in whole or in part for the purpose it was provided for, subject to the rules of virements,
 - e) no permanent employees are appointed without the required approval as set out in section 8.3 and are provided for within the available resources and workforce establishment as approved by the Board,
 - f) savings programmes and income generation initiatives are implemented to achieve a balanced budget,
 - g) all expenditure is approved and authorised in advance of commitment in line with these standing financial instructions and financial processes and procedures issued by the Director of Finance.

- 2.4.5 The Chief Executive is responsible for authorising the implementation of savings programmes and income generation initiatives in accordance with the requirements of the Annual Business Plan to secure a balanced budget.

2.5 Capital Expenditure

- 2.5.1 The Director of Finance shall keep the Chief Executive and Board informed of the financial consequences to the Trust of changes in government policy, pay, terms and conditions, accounting standards and any other events affecting the current or future financial plans of the Trust.
- 2.5.2 The Director of Finance is responsible for submitting to NHS Improvement all capital programme information required by them in line with their requirements and timescales.
- 2.5.3 The general rules applying to delegation, control and reporting above shall also apply to capital expenditure, (refer to section 18 for details relating to capital investment).

3 Annual Accounts and reports

3.1 Objective

- 3.1.1 To ensure the production of the Trust's Annual Accounts and Report in accordance with statutory requirements.

3.2 General

- 3.2.1 The Director of Finance, on behalf of the Trust, is responsible for the preparation and submission of financial reports and returns as required by NHS Improvement and other Government Departments in such form as they require and in accordance with their timetable.
- 3.2.2 The Director of Finance, on behalf of the Trust, is responsible for the preparation and submission of the Trust's annual accounts as required by NHS Improvement, in such form as they require and in accordance with their timetable
- 3.2.3 The Trust's financial returns and annual accounts will be prepared in accordance with the accounting policies and guidance issued by NHS Improvement, the Trust's accounting policies, International Financial Reporting Standards and other accounting standards applicable at the time. The Director of Finance is responsible for ensuring the Trust's accounting policies are reviewed annually, updated as required and approved by the Audit Committee.
- 3.2.4 The Trust's annual accounts must be audited and certified by an independent external auditor (see section 20) and the Director of Finance is responsible for ensuring this happens in accordance with NHS Improvement's timetable
- 3.2.5 The Trust's Company Secretary, on behalf of the Trust, is responsible for the preparation and submission of the Trust's Annual Report to NHS Improvement in such form as they require and in accordance with their timetable
- 3.2.6 The Chief Nurse, on behalf of the Trust, is responsible for the preparation and submission of the Trust's Quality Report to NHS Improvement in such form as they require and in accordance with their timetable.
- 3.2.7 The Trust's annual report (including the quality report) must be audited and certified by an independent external auditor (see section 20) and the Company Secretary is responsible for ensuring this happens in accordance with NHS Improvement's timetable.
- 3.2.8 The Trust's annual report and statutory accounts must be presented to the Trust Board for approval. They must be laid before Parliament, after which they cannot be changed. They must be made available for inspection by the public. The annual report and accounts and the auditor's report must be presented at a meeting of the Council of Governors in accordance with the NHS Improvement's timetable

3.3 Service Agreement Monitoring and Reporting

- 3.3.1 The Director of Finance is responsible for ensuring that systems and processes are in place to record patient activity, invoice and collect monies due under the agreements for the provision of healthcare services.
- 3.3.2 The Director of Finance is responsible for reporting to the Board the Trust's actual contract activity and income due against the agreed contracts with an assessment of the financial impact of any contract under/over achievement.
- 3.3.3 The Director of Finance is responsible for providing information to Clinical Chairs, Divisional Directors and Heads of Corporate Service for the actual contract activity and income due against the agreed contracts and the associated financial consequences for their service areas to facilitate financial management
- 3.3.4 The Director of Finance is responsible for ensuring training and support to the Clinical Chairs, Divisional Directors and Heads of Corporate Service to be able to understand the contracts for their service areas and the information relating to activity and financial performance.
- 3.3.5 All Clinical Chairs, Divisional Directors and Heads of Corporate Service responsible for the management of service agreement income must ensure they understand and use the contract monitoring information for the financial management of their service areas.

4 Research and Innovation

4.1 Objective

- 4.1.1 To provide specific instructions relating to research and innovation and reference to general financial instructions and processes governing this area.

4.2 General

- 4.2.1 The undertaking of research or clinical trials by Trust employees (substantive or honorary) within the Trust's premises shall be strictly in accordance with the Trust's policies and strategies on research management and governance and shall be subject to approval accordingly.

- 4.2.2 The Standing Financial Instructions apply equally when undertaking externally funded research activity within the Trust, particularly:

- Section 2 - Planning, Budgets and Budgetary Control
- Section 8 - Payments of Trust Employees and Contractors
- Section 9 - Procurement of Goods and Services
- Section 10 – Tendering Procedure
- Section 11 - Payment of Goods and Services Received
- Section 12 - Stores and Receipt of Goods
- Section 19 – Risk Management and Insurance
- Section 22 – Acceptance of Gifts by Staff and Other Standards of Business Conduct
- Section 24 – Retention of Documents

- 4.2.3 The principles governing probity and public accountability shall apply equally to work undertaken through externally funded research or clinical trials.

4.3 Research & Innovation Applications

- 4.3.1 All applications for research and innovation funding require approval from the Director of Finance or a designated deputy. This applies to applications to both NHS funders, such the National Institute for Health Research, and to non-NHS organisations, such as charitable bodies and research councils.

- 4.3.2 All other documents* relating to Research & Innovation will require approval from the Director of Research & Innovation or a designated deputy, once all the necessary checks have been carried out, including finance checks where applicable.

**other documents include research contracts with funding bodies, collaboration agreements, commercial research contracts, site agreements, sub-contracts with participating organisations, contract variations and contract amendments.*

4.4 Intellectual Property

- 4.4.1 The agreement covering any undertaking of research shall give cognisance to Trust policies governing Intellectual Property rights. Where there is any lack of clarity this shall be resolved prior to undertaking the project.

5 NHS Contracts for the Provision of Healthcare Services

5.1 Objective

- 5.1.1 To ensure the Trust's contracts for the provision of healthcare services are properly planned and controlled and that all income relating to these agreements is properly accounted for.

5.2 Contracts for the provision of healthcare services

- 5.2.1 The Chief Executive is responsible for ensuring the Trust enters into suitable Commissioning Contracts with service commissioners for the provision of NHS services. Appropriate legal advice identifying the Trust's liabilities within the terms of the contract should be considered in discharging this responsibility.

Where the Trust makes arrangements for the provision of services by non-NHS providers, the Chief Executive is responsible for ensuring that the agreements put in place have due regard to the quality and the cost-effectiveness of the services provided.

- 5.2.2 In carrying out these functions, the Chief Executive should take into account the advice of the Director of Finance regarding:

- standard NHS contractual terms and conditions
- costing and pricing of services
- payment terms and conditions
- amendments to contracts and extra-contractual arrangements

- 5.2.3 Agreements should be devised as to minimise risk whilst maximising the Trust's opportunity to generate income. The Trust will use the National Tariff where appropriate and, for services not covered by the National Tariff, a local tariff agreed with the Commissioners.

- 5.2.4 All agreements should aim to implement the agreed priorities contained within the annual plan. National guidance on arrangements for contracting should be taken into account.

- 5.2.5 The Chief Executive shall ensure the contracting process is administered effectively and that appropriate service, quality, safety, clinical and financial input is provided.

- 5.2.6 The Director of Finance is responsible for agreeing the financial details contained in service contracts.

- 5.2.7 NHS Contracts with commissioners for the provision of healthcare services can only be signed by the Chief Executive, Director of Finance or Chief Operating Officer, without financial limit.

- 5.2.8 Service changes and developments initiated within the Divisions must be with the agreement of the Chief Executive or the Chief Operating Officer. The Finance Director must be informed to ensure appropriate financial scrutiny.

6 Banking and Cash Management

6.1 Objective

- 6.1.1 To ensure the effective management of the Trust's cash and to ensure it is properly controlled and safeguarded from loss and fraud.

6.2 General

- 6.2.1 The Director of Finance is responsible for producing a Treasury Management Policy, in accordance with any relevant guidance from NHS Improvement, for Trust Board approval.
- 6.2.2 The Director of Finance is responsible for the operation of the commercial bank and Government Banking Service accounts and for the management of accounts receivable, cash flow forecasting and investment of surplus funds. The Director of Finance will ensure that these functions are properly managed and that information is provided to the Trust Board to support this.

6.3 Banking Arrangements

- 6.3.1 The Director of Finance is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of bank accounts. This advice will take into account guidance/directions issued by NHS Improvement and Treasury requirements for NHS banking.
- 6.3.2 The Director of Finance is solely authorised to open, operate and control any bank account where Trust funds are received or expended. All such accounts must be held in the name of the Trust. It is a disciplinary offence for any officer of the Trust outside of the organisational control of the Director of Finance to operate such an account with a Trust name or from a Trust address.
- 6.3.3 All income relating to Trust business must be paid into the Trust's bank account. This includes all income from the sale of goods and services, disposal of items, vending machines and courses/lectures/other outside work undertaken in paid Trust time.
- 6.3.4 Donations are required to be managed via accounts operated by the Trust's charitable body. Such accounts must not be opened by employees. Any donations received must be managed in accordance with section 23.
- 6.3.5 If a member of staff wishes to set up a bank account with reference to the Trust and/or Trust address for a purpose other than that which has been explicitly prohibited in the sections above, they must write to the Director of Finance for approval.
- 6.3.6 The Director of Finance shall establish and approve procedural instructions on the operation of all commercial bank accounts, investment accounts and Government Banking Service.
- 6.3.7 The Finance Committee shall ensure proper safeguards are in place for security of the Trust's funds by:
- a) approving the Trust's commercial bankers, selected by competitive tender
 - b) approving a list of permitted 'relationship' banks and investment institutions
 - c) setting investment limits for each permitted investment institution
 - d) approving permitted types of investments /instruments
 - e) approving the establishment of new/ changes to existing bank accounts

- 6.3.8 The Director of Finance is responsible for ensuring approved bank mandates are in place for all accounts and that these are updated regularly for any changes in signatories and authorised limits.
- 6.3.9 The Director of Finance will review the banking needs of the Trust at regular intervals to ensure that they reflect current business patterns and represent value for money. Following such reviews, the Director of Finance shall determine whether or not re-tendering for services is necessary. The Director of Finance shall be responsible for organising and evaluating bank tendering processes. The Director of Finance shall report the outcome of any tendering exercise for approval by the Finance Committee.
- 6.3.10 The Director of Finance, on behalf of the Finance Committee, shall advise the Trust's commercial and relationship bankers in writing of the conditions under which each account shall be operated, the limits to be applied to any overdraft, the limitation on single signatory payments and the officers authorised to release money from and draw cheques or other payable orders on each account; this must contain the Chief Executive and Director of Finance. The cancellation of any such authorisation shall be notified promptly to the bank.
- 6.3.11 Where a new banking relationship is suggested this must be pre-approved by the Director of Finance before a proposal is made to the Finance Committee. The Finance Committee will consider the need for and potential benefit of the new relationship and sanction or reject the proposal. The Trust's bankers shall be notified by the Director of Finance, on behalf of the Finance Committee of any alterations in the conditions of operation of the Trust's accounts that may be required by the Finance Committee.
- 6.3.12 The Director of Finance is required to approve any direct debit or standing order payment arrangements. The Director of Finance is responsible for the effective control of payments made from the Trust's bank account through bank transfers, cheques and payments by Bank Automated Credits (BACS).
- 6.3.13 The Director of Finance may operate a credit/purchasing cards on behalf of the Trust which must be used in accordance with a written policy approved by the Finance Committee.

6.4 Cash Management

- 6.4.1 The Director of Finance is responsible for managing and monitoring the cash flow of the Trust and ensuring that it has enough cash balances to meet all its commitments.
- 6.4.2 Any member of Trust staff aware of significant and unexpected delays in the receipt of cash or of significant unexpected or early payments that will have an effect on the Trust's cashflow position must inform the Director of Finance or other Senior Finance Manager.
- 6.4.3 The Director of Finance is responsible for providing assurance to the Trust Board and Finance Committee on the management of the Trust's cash position through monthly reporting.

6.5 Investment of Temporary Cash Surpluses

- 6.5.1 Temporary cash surpluses shall be invested in line with the Treasury Management Policy, subject to the overall cash flow position and in line with any relevant guidance from NHS Improvement or HM Treasury.
- 6.5.2 The Director of Finance is responsible for advising the Finance Committee on investments and shall report monthly to the Finance Committee concerning the performance of investments held.

- 6.5.3 The operation of investment accounts and the records maintained must be in accordance with detailed procedural instructions issued by the Director of Finance and approved by the Finance Committee.
- 6.5.4 The Finance Committee shall:
- a) approve a list of permitted investments institutions
 - b) set investment limits for permitted investment institutions
 - c) approve a schedule of permitted types of investments and financial instruments
- 6.5.5 Investments for purely speculative purposes are strictly prohibited'.

7 Income

7.1 Objective

7.1.1 To ensure that income due is promptly assessed and collected and income received is promptly banked and fully accounted for.

7.2 Income Due

7.2.1 The Director of Finance is responsible for designing and maintaining systems for the proper recording, invoicing and collection of all income together with systems for financial coding.

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

7.2.3 The Director of Finance is responsible for the design and ordering of all receipt books, tickets, agreement forms, or other means of officially acknowledging or recording amounts received or receivable. They will be issued and controlled according to procedures established by the Director of Finance and will be subject to the controls as are applied to cash (Section 14).

7.2.4 Cash payment for charges made by the Trust, for the provision of any goods or services, must not normally be accepted where the value of any single transaction is in excess of £10,000. Should this occur, the Head of Financial Services must be notified immediately to ensure the Trust complies with HM Revenue and Customs' regulations.

7.2.5 A contract or agreement must be in place for all income due to the Trust for the provision of goods or services to a third party. The nature of the contract or agreement will depend on the goods or services being provided. The Director of Finance is responsible for signing all contracts and agreements with delegated responsibilities given within section 9 of the scheme of delegation (appendix 2).

Delegated Matter	Authority Delegated to
Agreeing / Signing agreement / contract	All require Director of Finance agreement
- Hosting Arrangement	Director of Finance or nominated deputy
- Research and Other Grant Applications	Director of Finance or nominated deputy
- Staff Secondments	Service Manager
- Leases	Director of Finance or nominated deputy
- Property Rentals	Below £5k per annum – Service Manager Above £5k and below £100k – Director of Estates and Facilities or nominated deputy Over £100k per annum - Director of Finance or nominated deputy
- Residences	Residences Manager
- Peripheral Clinics and Provider to Provider arrangements	Below £25k per annum – Service Manager Above £25k and below £250k – Divisional/Corporate Director or nominated deputy Over £250k per annum - Director of Finance or nominated deputy
- Trading Services	Below £25k per annum – Service Manager Above £25k and below £250k – Divisional/Corporate Director or nominated deputy Over £250k per annum - Director of Finance or nominated deputy
- Other income generation	Below £25k per annum – Service Manager Above £25k and below £250k – Divisional/Corporate Director or nominated deputy Over £250k per annum - Director of Finance or nominated deputy

- 7.2.6 Employees responsible for agreeing the prices of goods and services provided by the Trust should ensure that they cover all costs, including overheads. Support should be sought from the finance department as required. Appropriate, independent professional advice shall be taken on matters of valuation. Prices and charges shall be reviewed at least annually. This paragraph applies equally to:
- the sale of goods and services
 - support to commercial research trials and projects
 - pricing of non-patient care service agreements with other bodies.
- 7.2.7 The Trust's price tariff for private patient treatment is set by the Director of Finance. The pricing structure ensures that prices are at least equal to those charged to NHS Commissioners and ensures that public funds are not used to subsidise private patient activity. Any proposed variations to the Private Patient Tariff prices must be approved by the Director of Finance before patients are advised of the cost of their treatment.
- 7.2.8 All Trust employees shall promptly inform the Director of Finance of money due to the Trust arising from transactions which they initiate including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.
- 7.2.9 The notification of income due shall be as prescribed by procedures established by the Director of Finance, ensuring sufficient details are included to enable the prompt payment by the debtor.
- 7.2.10 The Director of Finance shall ensure that debtors are invoiced promptly on receipt of the advice of income due.
- 7.2.11 There must be clear separation of duties so that officers responsible for raising invoices or accounting for amounts due to the Trust shall not handle cash or cheques received by the Trust
- 7.2.12 The Director of Finance shall take appropriate recovery action on all outstanding debts and no claims shall be abandoned except as in accordance with Section 16 - Losses and Special Payments.
- 7.2.13 Income from the disposal of assets, scrap material and items surplus to requirements shall be dealt with in accordance with Section 13 of these Instructions.

7.3 Income Received

- 7.3.1 All income received into the Trust must be collected, receipted and accounted for in accordance with the procedures established by the Director of Finance. It is the responsibility of all Trust employees responsible for these duties to ensure they comply with these procedures. It is the responsibility of the Senior Managers responsible for areas where income is received to ensure that their staff are complying with these procedures.
- 7.3.2 All cash and cheques shall be banked intact promptly in accordance with the Director of Finance's instructions. Disbursements shall not be made from cash received. Payment by debit or credit card may only be accepted by staff designated by the Director of Finance. All transactions must be processed in accordance with the instructions approved by the Director of Finance.
- 7.3.3 The opening of incoming post must be undertaken by officers working in pairs and all cash, cheques, and other forms of payment shall be entered immediately in an approved form of register and certified by both officers.

- 7.3.4 Every employee authorised to receive remittances in cash or other forms must keep up to date a record of the amounts received in accordance with procedures approved by the Director of Finance. This record must be reconciled with the amount held in accordance with these instructions. Any discrepancy shall be reported immediately to their senior manager and the Director of Finance.
- 7.3.5 Official receipts shall be issued in all cases involving cash and only where especially requested by the payer for cheques, debit card etc.
- 7.3.6 All cash received, if not paid directly into the bank, shall be locked as soon as possible in the safe or cash box provided for the purpose, which shall be safeguarded as specified in Section 6.
- 7.3.7 Collections from cash tills, other coin boxes and from night safes shall be made at such intervals as shall be prescribed by or with the approval of the Director of Finance. The opening of each such box or safe and the counting and recording of the contents shall be undertaken by two employees together. Both shall sign the record and the keys shall, at other times, be separately held by a senior officer.
- 7.3.8 The Director of Finance shall ensure that all income received into the Trust's bank accounts is accounted for promptly – as per section 16.

8 Payment of Trust Employees and Contractors

8.1 Objective

8.1.1 To ensure proper control over the appointment and payment of Trust employees and contractors.

8.2 Remuneration and Terms of Service of Directors

8.2.1 In accordance with Standing Orders and the 2006 Act, the Board shall establish a Remuneration, Nominations and Appointments Committee consisting of Non-Executive Directors to decide the remuneration and allowances and other terms of office of the Executive Directors, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting.

8.2.2 The Committee will:

- a) Agree appropriate remuneration and terms of service for the Chief Executive and other Executive Directors employed by the Trust including:
 - i. All aspects of salary (including any performance-related elements/bonuses)
 - ii. Provisions for other benefits, including pensions, cars, allowances, payable expenses and compensation payments
 - iii. Arrangements for termination of employment, including termination payments, and other contractual terms.
- b) Consult the Chief Executive about proposals relating to the remuneration of the other Executive Directors;
- c) Agree on the remuneration and terms of service of Executive Directors of the Board (and other senior employees) as ensure they are fairly rewarded for their individual contribution to the Trust - having proper regard to the Trust's circumstances and performance and to the provisions of any national arrangements for such members and staff where appropriate;
- d) Monitor and assess the output of the evaluation of the performance of individual Executive Directors, and consider this output when reviewing changes to remuneration levels;
- e) Advise upon and oversee contractual arrangements for executive directors, including but not limited to termination payments to avoid rewarding poor performance.

8.2.3 The Council of Governors will decide the remuneration and allowances and other terms of office of the Chair and Non-Executive Directors.

8.2.4 The Trust will pay allowances to the Chair and Non-Executive Directors in accordance with all relevant guidance.

8.3 Other Staff Remuneration and Appointments

8.3.1 The implementation of national pay directives relating to the remuneration of staff will be approved by the Chief Executive. Any local variations to these rates or implementation requiring local interpretation or negotiation requires Executive approval. This is delegated by the Chief Executive to Directors of People and Finance through the Trust Pay and Assurance Group (TPAG).

- 8.3.2 All Trust officers responsible for the engagement, re-engagement and regrading of employees, either on a permanent or temporary contract, or for hiring agency staff or contractors, or agreeing to changes in any aspect of remuneration must comply with the scheme of delegation and act in accordance with the processes designated by the Director of People. In particular such actions must be within the limit of their approved budget and funded establishment.
- 8.3.3 The Board shall delegate responsibility to the Director of People for ensuring:
- a) all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation
 - b) processes are in place for dealing with variations to, or termination of, contracts of employment
- 8.3.4 The Directors of Finance and People, through Trust Pay and Assurance Group, must be informed when a reward (monetary and non-monetary) is being proposed for staff in recognition of their work, other than for length of service, for the Trust which will not be processed through the payroll. This is to ensure consistency and that appropriate legislation is being complied with. It should be noted that such rewards may constitute a taxable benefit. Length of service rewards are made in line with the approved policy.

8.4 Notification of Information to Payroll

- 8.4.1 All Trust Officers responsible for the engagement and management of staff must inform the Director of Finance's Payroll Department promptly and in the agreed form of full details in respect of:-
- a) Commencement of employment.
 - b) Change to terms and conditions of employment or circumstance.
 - c) Termination of employment.
- 8.4.2 On appointment, a properly authorised appointment form for Direct Hires or an e-Starter form for all staff recruited through ESR and such documents as required by the Director of Finance and/or Director of People shall be submitted to the Payroll Department immediately.
- 8.4.3 A properly authorised change of conditions e-form shall be submitted to the Payroll Department immediately a change in status of employment or personal circumstances of an employee is known.
- 8.4.4 A properly authorised termination of employment e-form and other relevant information shall be submitted to the Payroll Department immediately the effective date of an employee's resignation, retirement or termination is known. Where an employee fails to report for duty in circumstances which suggest that they have left without notice, the Payroll Department shall be informed immediately.
- 8.4.5 All absence due to sickness and other reasons as required shall be notified to the Payroll Department in the required form and timescales.
- 8.4.6 All documents used for payroll purposes such as time sheets and payment sheets must be in a form approved by the Director of Finance and must be properly authorised.

8.5 Processing of Staff Payments

- 8.5.1 The Director of Finance is responsible for:
- a) specifying timetables for the submission to the Payroll Department of properly authorised time records and other notifications

- b) the final determination of pay and allowances
- c) making payment on agreed dates
- d) agreeing method of payment

8.5.2 The Director of Finance will issue instructions regarding:

- a) Verification and documentation of data
- b) The timetable for receipt of data, preparation of payroll and the payment of staff
- c) Maintenance of subsidiary records for superannuation, income tax, national insurance, social security and other authorised deductions from pay
- d) Security and confidentiality of payroll information
- e) Checks to be applied to completed payroll before and after payment
- f) Authority to release payroll data under the provisions of the Data Protection Act
- g) Methods of payment for ALL staff by BACS
- h) Procedures for payment of BACS and in an emergency cheques, or cash to staff
- i) Procedures for recall of BACS
- j) Pay advances and their recovery
- k) Separation of the duties of initiating and making payments
- l) A system to ensure the recovery from leavers of sums due by them to the Trust
- m) Maintenance and regular reconciliation of adequate control accounts with appropriate internal check procedures

8.5.3 Appropriately nominated managers have delegated responsibility for:

- a) submitting properly authorised time records, and other notifications to the Payroll Department in accordance with agreed timetables
- b) completing time records and other notifications in accordance with the Director of Finance's instructions and in the form prescribed by the Director of Finance
- c) submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's resignation, termination or retirement.

8.5.4 Regardless of the arrangements for providing the payroll service, the Director of Finance shall ensure that the chosen method is supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures and that suitable arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies.

8.5.5 The Director of Finance shall pay salaries and wages on the currently agreed dates but may vary these when necessary due to special circumstances (e.g. Christmas and other bank holidays). Payments shall not normally be made in advance of the authorised normal pay date.

8.6 'Off Payroll' Arrangements

8.6.1 Off payroll arrangements relate to the payment of individuals for work undertaken on behalf of the Trust which is paid on receipt of invoice through personal services companies or as a sole trader rather than through the payroll. It does not include staff employed via employment agencies or those staff being seconded to the Trust, paid by another organisation which then recharges the Trust.

8.6.2 All senior staff must be on the payroll unless there are exceptional temporary circumstances, which will require the Chief Executive's approval. This includes all Trust Board members, members of Divisional Boards and staff with significant financial responsibility.

- 8.6.3 All 'off payroll' engagements are required to comply with the relevant requirements of this section of the Standing Financial Instructions and with section 11. In particular:
- all staff are required to be issued with a Contract of Employment which complies with employment legislation
 - the terms of remuneration should be in line with national pay directives or locally Trust agreed variations. Payment outside of these terms requires Divisional Director and Human Resources approval.
- 8.6.4 The engagement of staff 'off payroll', gives rise to tax, national insurance and pension implications. It is the responsibility of Trust managers engaging the provision of such staff to ensure that the arrangements comply with the requirements of HM Revenue and Customs.
- 8.6.5 To comply with intermediaries' legislation all off payroll arrangements must be assessed to ensure compliance.
- 8.6.6 The Director of Finance is responsible for ensuring there are detailed procedures in place to assist employing managers to assess and select the correct form of contractual relationship required (payable gross on invoice or subject to statutory deductions through PAYE) to comply with HM Revenue and Custom IR35 requirements.
- 8.6.7 All Trust officers responsible for procuring the provision of services by individuals not directly employed by the Trust must ensure that they comply with relevant Trust procedures and should seek guidance if required.

8.7 Travel and Subsistence

- 8.7.1 Payment of travel and subsistence costs incurred by staff on Trust business shall be made by the Payroll Department in accordance with the current regulations, subject to verification of claim details, upon receipt of the prescribed form, properly completed and authorised by an officer with delegated authorisation for this purpose.

9 Procurement of Goods and Services

9.1 Objective

- 9.1.1 To ensure that proper control is exercised and value for money is obtained in the procurement of all goods and services on behalf of the Trust.

9.2 General

- 9.2.1 The Trust Board may enter into contracts on behalf of the Trust within the statutory powers delegated to it. The procedure for letting all contracts shall comply with these powers and Standing Financial Instructions. A contract or agreement must be in place for all goods, services and works procured by the Trust. The nature of the contract or agreement will depend on the goods or services being provided. The Director of Finance is responsible for signing all contracts and agreements with delegated responsibilities given within section 10d of the scheme of delegation (appendix 2).
- 9.2.2 All contracts made shall endeavour to obtain best value for money by using the Trust's procurement service and processes established by the Director of Finance. The Director of Finance shall nominate a Trust officer who shall be responsible for overseeing and managing each contract on behalf of the Trust.
- 9.2.3 Goods, services and works shall only be ordered in line with the controls and systems established and approved by the Director of Finance, which must comply with the financial limits and other principles set out in this section. These controls and systems cover all goods and services procured through the Trust's Electronic Requisitioning and Ordering System (EROS) and other processes agreed by the Director of Finance
- 9.2.4 All employees must comply with the processes, systems and controls for procuring all goods and services established by the Director of Finance which are available from the finance department.

9.3 EU Directives, Legislation and Guidance

- 9.3.1 The Trust shall comply with all European Union and Government Directives regarding public sector procurement and prescribed procedures for awarding all forms of contracts.
- 9.3.2 The Trust shall comply as far as is practicable with all guidance and advice issued by the Department of Health and Social Care and the independent regulator in respect of procurement, capital investment, estate and property transactions and management consultancy contracts.
- 9.3.3 No order shall be issued to any firm which has made an offer of gifts or rewards to Directors or employees – in line with Section 22.

9.4 Financial Limits

9.4.1 A minimum of three competitive tenders is required in accordance with the requirements of Section 10 for any purchase of goods or services over £25,000 (excluding VAT) including:

- a) a specification for equipment, goods, service contract, construction contract or other project
- b) a period standing order, call-off contract, framework agreement or other purchase of goods or services where the aggregate value exceeds £25,000 in any year.

9.4.2 Where such purchases exceed £5,000 but are less than £25,000 a minimum of three competitive quotations in writing shall be obtained.

9.4.3 Where such purchases do not exceed £5,000, non-competitive quotations in writing may be obtained with value for money being demonstrated on all occasions. Best practice should be a minimum of three such quotations.

9.4.4 Before placing an order for goods or services, potential suppliers and the cost should be adequately investigated and evaluated in line with the Scheme of Delegation through the recommendation report prepared by the Trust's procurement service.

Recommendation Report Authorising Levels (excl. VAT)	Authority
£5,000 to £100,000	Director of Procurement, Divisional Finance Manager and Divisional Operations Director or Corporate Director
£100,000 to £1m	As above, plus the Director of Finance
Above £1m	As above, plus Director of Finance recommendation to Trust Board

All Exception Reports will be reviewed and authorised by the Director of Procurement, Divisional Finance Manager, Divisional Operations Director or Corporate Director and Director of Finance.

9.4.5 Orders shall not be placed in a manner devised to avoid the financial thresholds specified by the Trust Board.

9.4.6 If the Trust's procurement service is asked to place orders outside these thresholds, they will refer the request back to the budget holder. The ordering of goods or services above £5,000 without three or more competitive quotes or £25,000 without three or more competitively priced tenders require approval as a Single Tender Action via the Trust's Single Tender Action procedure before placing the order.

For all orders above £5,000 that are not supported by competitive quotations, the case for proceeding must be submitted to the applicable authorising officers shown below to decide whether to approve as a Single Tender Action.

Value of Contract Per Annum (excl. VAT)	Authorising Officer
£5,000 to £24,999	Divisional Director and the Director of Procurement
£25,000 to £100,000	As above, plus the Director of Finance
Above £100,000	As above, plus the Chief Executive or Trust Board

9.4.7 For any procurement that takes place outside of the Trust's procurement service and/or the Trust's electronic requisitioning and ordering system, EROS, the processes referred to in 9.2.3 must be followed and the limits in 9.4.6 shall apply and follow the process agreed by the Director of Finance.

9.5 Requisitioning

9.5.1 The Director of Finance is responsible for establishing procedures regarding the requisitioning of goods and services on behalf of the Trust. This will include a list of managers authorised to requisition goods and services, including levels of authorisation.

9.5.2 No requisition or order shall be placed for items for which there is no provision in an authorised budget.

9.5.3 Requisitioners should comply with the Trust's procedures in the procurement of goods and services. They should always seek to obtain best value for money for the Trust and ensure that there are no conflicts of interest. In doing this the advice of the Trust's procurement service should be sought.

9.5.4 Requisitioning is required to be placed using the Trust's electronic requisitioning and ordering system EROS. It is recognised that the procurement of some goods and services is not supported by EROS. These cases are clearly defined within the process approved by the Director of Finance. Only the goods and services defined within this policy are able to be procured outside of EROS and the prescribed process must be followed.

9.5.5 Access to the Trust's electronic requisitioning and ordering system, EROS, shall only be granted to budget holders and officers delegated by them through the Trust's Authorised signatory list.

9.5.6 Information regarding every order shall be notified to the finance department in an agreed format immediately after the order is issued via both the Trust's electronic requisitioning and ordering system EROS or the process approved the Finance Director.

9.5.7 Official orders shall be consecutively numbered, Orders must have a unique purchase order number and be in a form approved by the Director of Finance, and shall include such information concerning prices, discounts, and other conditions of trade as they may require. The order shall incorporate an obligation on the contractor to comply with the conditions printed thereon as regards delivery, carriage, documentation, variations, etc.

9.5.8 Orders requisitioned through the Trust's electronic requisitioning and ordering system EROS are required to be independently authorised by a second person. The receipt of the goods can therefore be carried out by one of these officers. All orders requisitioned outside of EROS must be certified by a separate person in accordance with the process approved by the Director of Finance

9.6 Other

9.6.1 All contracts, leases, tenancy agreements and other commitments, which may result in a long-term liability, must be notified to the Director of Finance for approval in advance of any commitment being made.

9.6.2 On completion of the procurement processes detailed within this section the signing of contracts and agreements to procure good and services on behalf of the Trust must be executed in line with the section 10d of the scheme of delegation

Delegated Matter	Authority
Contracts/ agreements following tendering process above unless specifically referred to below:	Below £25k, service manager Above £25k and below £100k, Divisional Director or Director of Purchasing and Supply Over £100k, Chief Operating Officer or Director of Finance
Purchase of healthcare	Below £100k, Divisional Director Over £100k, Chief Operating Officer
Property leases	Director of Finance
Leases – non property	Director of Finance
Outsourcing services	Below £100k, Divisional Director Over £100k, Chief Operating Officer and Director of Finance
Facilities contracts	Director of Estates and Facilities or nominated deputy
Estates maintenance contracts	Director of Estates and Facilities or nominated deputy
Capital estates based contracts	Director of Estates and Facilities or nominated deputy, following approval as per section19

9.6.3 Where consultancy advice is being obtained or where supply of staff is being sought via an agency, the procurement of such skills must be in accordance with the latest guidance issued by the NHS Executive, the Department of Health and Social Care and NHS Improvement.

10 Tendering Procedure

10.1 Objective

- 10.1.1 To ensure that major purchases are tendered in a manner which can be demonstrated to ensure fair competition and value for money and to comply with legislation. The Trust shall ensure that competitive tenders are invited for:
- the supply of goods, materials and manufactured articles
 - the provision of services including all forms of management consultancy services
 - the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens)

10.2 Requirements to Tender

- 10.2.1 The following instructions shall apply to any purchase over £25,000 as required by Section 9.4. The principles in this instruction apply equally to the tendering procedures operated by the Estates Department (for capital contracts), Pharmacy (for drugs contracts) and the Procurement Department. Formal tendering procedures may be waived by the Chief Executive, where the supply is proposed under special arrangements negotiated by the Department of Health and Social Care, in which event the said special arrangements must be complied with.
- 10.2.2 Formal tendering procedures may be waived by the Chief Executive in the following circumstances:
- a) in very exceptional circumstances where it is decided that formal tendering procedures would not be practicable and the circumstances are detailed in an appropriate Trust record.
 - b) where the requirement is covered by an existing contract
 - c) where national NHS agreements are in place
 - d) where a consortium arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the consortium members;
 - e) where specialist expertise is required and is available from only one source;
 - f) when the task is essential to complete a project, and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate;
 - g) there is a clear benefit to be gained from maintaining continuity with an earlier project. However in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering;

The waiving of competitive tendering procedures should not be used to avoid competition or for administrative convenience.

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

- 10.2.3 Where the tendering procedures are waived under (a) above this must be reported and approved by the Trust Board before being actioned.

10.3 EU Directives Legislation, Guidance and Public Contract Regulations

- 10.3.1 EU procurement directives and UK procurement legislation governing procedures for awarding contracts by an NHS body shall have effect as if incorporated in these Standing Financial Instructions.
- 10.3.2 Contracts above specified thresholds must be advertised and awarded in accordance with EU and other directives and Government legislation. The Procurement Department will advise on these requirements.
- 10.3.3 The Trust should never enter into a contract which involves a contractor assessing and carrying out work on behalf of the Trust.

10.4 Selection of Suitable Firms to Invite to Tender

- 10.4.1 The Procurement Department shall ensure they source suitable suppliers to be invited to provide tenders or quotations for the supply of goods or services to the Trust. Suitability will include the technical and financial competence of the supplier.
- 10.4.2 The Estates Department will refer to the relevant Register of Contractors (Constructionline) in considering suppliers suitable to be invited to provide tenders or quotations for their requirements.
- 10.4.3 All suppliers deemed suitable to be invited to submit quotations or tenders should comply with the Equality Act 2010, the Health and Safety at Work Act, procurement sustainability, fair and equitable trade policy and all other legislation concerning employment and the health, safety and welfare of workers and other persons. Firms must provide to the appropriate manager a copy of its safety policy and evidence of the safety of plant and equipment, when requested.
- 10.4.4 The Director of Finance may make or institute any enquiries deemed appropriate concerning the financial standing and financial suitability of approved contractors. The Directors with lead responsibility for clinical governance will similarly make such enquiries as is felt appropriate to be satisfied as to their technical / medical competence.

10.5 Health Care Services

- 10.5.1 The tendering limits and processes in these standing financial instructions apply equally to the supply of non SLA healthcare services. See Section 5 for SLA contracts.

10.6 Standard Selection Questionnaire

- 10.6.1 Statutory guidance states that the Trust may not include a pre-qualification stage in any procurement where the value of the goods and services is below the EU threshold, thus restricting the use of Selection Questionnaires. However, the Trust should ensure suitable assessment questions' relating to a potential supplier are asked making certain the questions are relevant to the subject matter of the procurement and proportionate.

For procurements above the EU threshold, the standardised set of selection questions should be followed as per the Crown Commercial Service guidance.

10.7 Invitation to Tender

10.7.1 The Trust shall ensure:

- a) invitations to tender are sent to a sufficient number of firms to provide fair and adequate competition, unless this can be evidenced otherwise. In all cases a minimum of either:
 - i. three firms shall be invited to tender
 - ii. the most the market permits
- b) the firms invited to tender are deemed suitable as described above, having regard to their capacity to supply the goods or materials or to undertake the services or works required.
- c) the firms invited to tender are subject to the supplier selection questionnaire described above
- d) invitations to tender shall clearly state the date and time as being the latest time for the receipt of tenders.
- e) invitations to tender shall state that no tender will be accepted unless it meets the submission requirements of the Trust's e-tendering process or for manual tendering unless:
 - i. submitted in a plain sealed package or envelope bearing a pre-printed label supplied by the Trust (or the word "tender" followed by the subject to which it relates) by the latest date and time for the receipt of such tender and addressed to the Chief Executive or nominated manager.
 - ii. the tender envelopes / packages are free from any names or marks indicating the sender. The use of courier/postal services must not identify the sender on the envelope or on any receipt so required by the deliverer.

10.7.2 Before inviting tenders the appropriate officers shall compile a formal estimate of the probable expense of meeting the specification. Such estimates must quote the value of the relative item in the capital and/or revenue budget for the year approved by the Trust Board.

10.7.3 Every tender for goods, services or disposals shall include sections of the NHS Standard Contract Conditions as are applicable.

10.7.4 Every tender for building, engineering works, land and property transactions shall comply with the industry standards for such contracts.

10.7.5 In the case of IT procurements the requirements of relevant industry standards shall be followed.

10.8 Receipt and Safe Custody of Tenders and Records

10.8.1 Tenders received via the e-tendering system will be subject to the controls built into the system regarding the receipt and safe keeping of all tenders and records.

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

10.8.3 The nominated employee shall be responsible for the receipt, endorsement and safe custody of manual tenders received until the time appointed for their opening.

10.9 Opening Tenders

10.9.1 E-Tenders

Within three working days after the date and time stated as being the latest time for the receipt of tenders, they shall be unlocked and opened in the e-tendering system by two officers within the Procurement Department.

10.9.2 Manual Tenders

- a) Within three working days after the date and time stated as being the latest time for the receipt of tenders, they shall be opened in the presence of persons specified in the separate procedures for Capital and Procurement. In the case of JCT tenders, for capital projects, they shall be opened by:
 - Executive members of the Trust Board
 - Deputy Director of Finance
 - Deputy Chief Operating Officer
 - Deputy Director of People
- b) Every tender received shall be stamped with the date of opening and initialed by the persons in Section 10.9.1 (a) above, who witnessed the opening.
- c) Every envelope shall be referenced to the tenderer and shall be retained with the tender documents.
- d) All pages of the tender documents containing the tender prices or making specific reference to terms and conditions stipulated by the tenderer shall be stamped in the presence of the persons witnessing the opening, with a uniquely identifiable stamp, which shall be held securely in the charge of a nominated officer.
- e) A record shall be maintained by the Nominated employee for each set of competitive tender invitations dispatched, which shall be initialed by the witnesses to the opening of tenders. The register shall contain the following information:
 - i. The names of all the firms invited
 - ii. In the case of building and engineering contracts, the estimate of the probable cost
 - iii. The names and the number of firms from which tenders have been received and the amount of each tender where applicable
 - iv. The date the tenders were opened
 - v. The persons present at the opening and their signatures
 - vi. Particulars of any anomalies
- f) Every price alteration appearing on the tender shall be initialed by two of those present at the opening.
- g) Incomplete tenders, i.e. those from which information necessary for the adjudication of the tender is missing, and amended tenders i.e. those amended by the tenderer upon his own initiative either orally or in writing after the due time for receipt, but prior to the opening of other tenders, should be dealt with in the same way as late tenders.

10.10 Admissibility, Evaluation and Acceptance of Tenders

10.10.1 Admissibility

- a) If for any reason it appears that the tendering process has not been carried out on a strictly competitive basis no contract shall be awarded without the approval of the Chief Executive.
- b) Tenders received after the opening may not be considered unless it is agreed by the Chief Executive that there is adequate reason for the late arrival and that it is in the interest of the Trust to do so and only then if the tenders that have been duly opened have not left the custody of the Chief Executive or the nominated officer or if the process of evaluation and adjudication has not started.
- c) If none of the tenders that were received in time is economically or in other ways acceptable, re-tendering to a new date shall be invited
- d) While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential, recorded, and held in safe custody by the Chief Executive or his nominated officer.

10.10.2 Evaluation

- a) Tender evaluation reports will be approved in accordance with the scheme of delegation.

Tender Evaluation Reports (excl. VAT)	Authority
£5,000 to £250,000	Director of Estates and Facilities or nominated Deputy
£250,000 to £1m	As above, plus the Director of Finance
Above £1m	As above, plus Director of Finance recommendation to Trust Board

- b) Necessary discussion and consultation with a tenderer to clarify the tender before the award of a contract need not disqualify the tender. However, if such discussions result in clarifications of the specification, which result in a tender price being reduced below what were previously lower prices of other tenderers, a contract shall not be awarded unless all the other tenderers have been given the benefit of any clarification to the specification that has resulted from the discussions, and an opportunity to re-tender if they wish. This is with the exception of a negotiated and competitive dialogue or innovation partnership procedure.

10.10.3 Acceptance

- a) The most economically advantageous tender, shall be accepted unless, for good and sufficient reasons which must be formally recorded, the Chief Executive decides otherwise. This is with the exception of a negotiated and competitive dialogue or innovation partnership procedure.
- b) No tender shall be accepted until the professional officer concerned has formally agreed that it is technically satisfactory.
- c) No tender for building works which is in excess of the budget sum under 10.7.2 by more than 10% or £5,000, whichever is the greater, should be accepted without the approval of the Chief Executive.
- d) All tenders shall be treated as confidential and should be retained for inspection.

10.11 Form of Contract

- 10.11.1 a) Every contract including those for building and engineering works shall embody or be in the same terms and conditions of contract as those on the basis of which tenders were invited.
- b) Every contract for building and engineering works, which exceeds the sum of £150,000, shall be executed under the common seal of the Trust (except those executed under the JCT form of contract for minor works). The use of the common seal of the Trust shall be in accordance with Section 24 of the Scheme of Delegation.

10.12 Payment to Contractors by Instalments

- 10.12.1 a) Where contractors provide for payment to be made by instalments, the Director of Finance shall keep a contract register to show the state of account on each contract, between the Trust and the contractor, together with any other payments and the related professional fees.
- b) Payment to contractors on account shall be made only on a certificate issued by the appropriate Estates Officer or Project Manager, Private Architect or other consultant nominated as Contract Administrator.

10.13 Variation of Contracts

- 10.13.1 Contract variations shall only apply to works or services, not goods. All contract variations must properly describe the additional work or services to be provided for the agreed additional cost.
- 10.13.2 Any contract variation must be considered and authorised in line with the scheme of delegation (appendix 2). Such variations or additional instructions must be issued prior to the commencement of the work in question, except in the case of an emergency when it must be issued on the next working day.
- 10.13.3 Any contract variation must not fundamentally change the scope of the procurement.
- 10.13.4 Contract variations are not subject to single tender actions.

10.14 Final Certificates and Accounts

- 10.14.1 a) The final payment certificate of any contract shall not be issued until the appropriate Contract Administrator, as in Section 10.12.1(b), has certified the accuracy and completeness of the value of the final account submitted by the contractor.

Any final account that is agreed at a figure in excess of the approved sum in the contract shall be reported to:

- i. The Chief Executive if in excess of 5%
 - ii. The Trust Board if in excess of 10%
- b) The Director of Finance may examine final accounts for contracts and may make all such enquiries and receive such information and explanations as may be required in order to be satisfied of the accuracy of the accounts.

10.15 Competitive Tendering

- 10.15.1 The costs of support services may be tested by competitive tendering in accordance with appropriate legislation.
- 10.15.2 For each tendering exercise the following groups shall be set up:-
- a) Service specification group, comprising a nominee of the Chief Executive and a specialist technical officer who will obtain such support from Management Services as is required.
 - b) In-house tender group, comprising a nominee of the Chief Executive with technical support as necessary.
 - c) Evaluation team, comprising specialist support from the procurement department and a Director of Finance representative.
- 10.15.3 All groups should work independently of each other. Individual officers may be members of more than one group, although no member of the in-house tender group may participate in evaluation of tenders.
- 10.15.4 The evaluation team shall make recommendations on the award of contracts to the Trust Board.
- 10.15.5 The price at which a tender is accepted becomes the new budget for the service and shall not be varied except for:-
- a) Subsequent changes in specification authorised by the Chief Executive (being a different person to the in-house contract manager) at prices to be negotiated by the Divisional Director.
 - b) Price variations allowed for in the contract.
- 10.15.6 Monitoring of performance against the contract shall be the responsibility of the nominated Trust officer utilising such advice as is appropriate.
- 10.15.7 The provisions of this section relating to tendering and contracting shall also be observed in competitive tendering.

11 Payment for Goods and Services Received

11.1 Objective

11.1.1 To ensure that:

- a) Payments are only made for goods and services which have been ordered and received in accordance with these instructions, and are of the appropriate quality and quantity.
- b) Payments are only made once an invoice has been properly checked and authorised by a person with delegated responsibility.
- c) Contract invoices are paid in accordance with contract terms or otherwise in accordance with national guidance.
- d) Invoices and other valid claims are paid promptly

11.2 General

11.2.1 The Director of Finance is responsible for the payment of all properly authorised invoices and claims.

11.2.2 The Director of Finance is responsible for establishing procedures regarding the prompt notification of all monies payable by the Trust arising from transactions initiated by Trust officers. All Trust employees are responsible for complying with these procedures.

11.3 Verification and Payment

11.3.1 The Director of Finance is responsible for designing and maintaining a system for the verification, recording and payment of all amounts payable by the Trust.

This system shall provide by certification or by compliance with an authorised computer system that:

- a) Goods and services have been ordered in accordance with Section 9
- b) Goods have been duly received, are in accordance with specification and order and that prices are correct
- c) Services have been satisfactorily executed in accordance with the order and that the charges are correct
- d) In the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time records, that the rates of labour are in accordance with the appropriate rates, that the materials have been checked as regards quantity, quality and price, and that the charges for the use of vehicles, plant and machinery and other expenses have been examined and are reasonable
- e) The invoice is arithmetically correct
- f) The account has not been previously passed for payment or paid
- g) The account is in order for payment

11.3.2 The Trust will maintain an Authorised Signatory List of budget holders and officers delegated by them who are authorised to certify invoices.

- 11.3.3 The Director of Finance shall ensure that all invoices and accounts are paid promptly having regard to:
- a) The Trust's cash flow
 - b) The possibility of receiving a discount for early payment
 - c) Current Department of Health and Social Care guidance on prompt payment.
- 11.3.4 Where an employee authorising invoices for payment relies upon other employees to do preliminary checking they must ensure that those who check delivery or execution of work act independently of those who have placed orders and negotiated prices and terms.
- 11.3.5 In the case of contracts for building or engineering works which require payment to be made on account during the progress of the work, the Director of Finance shall make payment on receipt of a certificate from the appropriate technical consultant or officer. Without prejudice to the responsibility of any consultant or works officer appointed to a particular building or engineering contract, a contractor's account shall be subjected to financial and general examination by the person responsible to the Trust as Project Manager before the final certificate is issued.

11.4 Prepayments and commitments covering future financial years

- 11.4.1 Prepayments and commitments covering future financial years are only permitted where exceptional circumstances apply. In such instances: Prepayments are only permitted where the financial advantages outweigh the disadvantages;
- a) The appropriate employee must provide in writing, the case for a prepayment/future commitment, setting out all relevant circumstances of the purchase. This must include the effect on the Trust if the supplier is at some time during the course of the prepayment agreement unable to meet their commitments
 - b) The Director of Finance will need to be satisfied with the proposed arrangements before contractual arrangements proceed
 - c) The budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate Executive Director or Chief Executive if problems are encountered.

11.5 Duties of Managers and Officers

- 11.5.1 Managers and officers must ensure that they comply fully with the guidance and limits specified by the Director of Finance and that:
- a) all contracts (except as otherwise provided for in the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Director of Finance for approval in advance of any commitment being made
 - b) contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement. See also section 10
 - c) where consultancy advice is being obtained or where supply of staff is being sought via an agency, the procurement of such skills must be in accordance with the latest guidance issued by the NHS Executive, the Department of Health and Social Care and the independent regulator and in line with section 8.6

- d) no order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to directors or employees other than:
- I. isolated gifts of a trivial character or inexpensive branded seasonal gifts, such as calendars;
 - II. (conventional hospitality, such as lunches in the course of working visits; This provision needs to be read in conjunction with section 22.
- e) no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Director of Finance on behalf of the Chief Executive
- f) all goods, services, or works are ordered on an official order except purchases from petty cash
- g) verbal orders must only be issued by exception, by an authorised employee and only in cases of emergency or urgent necessity. These process for emergency ordering must be followed including the issue a confirmation order
- h) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds laid out in section 9
- i) goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase
- j) changes to the Trust's Authorised Signatory List of budget holders and officers delegated by them authorised to certify invoices are notified to the finance department through the designated process;
- k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance;
- l) petty cash records are maintained in a form as determined by the Director of Finance;
- m) orders should be placed using either the Trust's electronic requisitioning and ordering system EROS or, where specifically permitted, the Trust's non EROS purchase to pay process as described in the applicable Trust policy.

11.5.2 The Chief Executive and Director of Finance shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with best practice and guidance issued by the Department of Health and Social Care and NHS Improvement. The technical audit of these contracts shall be the responsibility of the relevant Executive Director.

11.6 Imprests

11.6.1 The Director of Finance may authorise advances on the imprest system for petty cash and other purposes as required. Individual payments from such imprests must not exceed an amount authorised by the Director of Finance and must be properly reconciled to petty cash sheets, which are supported by vouchers showing details of the transaction.

11.7 Negotiation with Suppliers

11.7.1 Where there are ongoing disputes with suppliers that require compromise arrangements to resolve, these will be considered and approved as follows:

- £0 - £1,000 Deputy Director of Finance
- £1,001 - £25,000 Director of Finance
- Over £25,000 Finance Committee

12 Stores and Receipt of Goods

12.1 Objective

- 12.1.1 To ensure that all stockholdings of significant value are properly safeguarded and accounted for.

12.2 Control of Stores

- 12.2.1 Stores, defined in terms of controlled stores and departmental stores (for immediate use) should be:
- a) kept to a minimum
 - b) subjected to annual stock take
 - c) valued at the lower of cost and net realisable value
- 12.2.2 Subject to the responsibility of the Director of Finance for the systems of control, the overall control of stores shall be the responsibility of the appropriate Divisional Manager/Head of Trust Corporate Services function. This responsibility may be further delegated to a service manager or staff member provided this is clearly documented.
- 12.2.3 The Director of Pharmacy is responsible for the control of pharmaceutical stocks.
- 12.2.4 The Director of Estates is responsible for the control of fuel stocks (oil and coal).
- 12.2.5 The Head of Clinical Engineering is responsible for the control of MEMO stocks
- 12.2.6 The Director of Finance shall establish procedures and systems regarding the control of stores including receipting, issues, returns and losses. All staff responsible for the control of stores must comply with these procedures.
- 12.2.7 The responsibility for security arrangements and the custody of keys for all stores locations shall be clearly defined in writing by the designated employees and agreed with the Director of Finance. Wherever practicable, stocks shall be marked as Trust property.
- 12.2.8 The Director of Finance shall be informed of any variations in policy that are likely to result in any significant variation in overall stock levels.

12.3 Stocktaking

- 12.3.1 Stocktaking arrangements shall be agreed with the Director of Finance and there shall be a physical check covering all items in store at least once a year. The physical check shall involve at least one officer other than the designated responsible officer. The stocktaking records shall be numerically controlled and signed by the officers undertaking the check.
- 12.3.2 Any surpluses or deficiencies revealed on stocktaking shall be reported to the responsible officer for investigation. Evidence of such investigation shall be recorded and all confirmed surpluses or deficiencies shall be reported immediately to the Director of Finance.
- 12.3.3 All responsible employees shall comply with the arrangements made by the Director of Finance to certify stock values at the 31st March each year.

12.4 Losses and Slow-Moving Items

- 12.4.1 The responsible employee shall maintain a system approved by the Director of Finance for reviewing slow moving and obsolete items at least annually and for the condemnation, disposal and replacement of all unserviceable items. They shall formally report to the Director of Finance any evidence of significant overstocking and of negligence or malpractice.
- 12.4.2 Breakages, deteriorations due to overstocking and other losses of goods in stores shall be recorded as they occur, and a summary should be presented to the Director of Finance at quarterly intervals. Tolerance limits shall be established for all stores subject to unavoidable loss, such as certain foodstuffs and natural deterioration of certain goods.
- 12.4.3 It is a duty of employees responsible for the custody and control of stores to notify all losses including those due to theft, fraud and arson, in accordance with Section 13 and 16 of these instructions.

13 Fixed Asset Register and Security of Assets, Disposal and Accounting of Assets

13.1 Objective

13.1.1 5..1 To ensure that assets are properly safeguarded and accounted for.

13.2 Asset Register

13.2.1 The Director of Finance is responsible for the maintenance of the Trust's register of assets and for arranging for a physical check of assets against the asset register to be conducted on a rolling three year programme.

13.2.2 The Director of Finance must ensure the Trust maintains an asset register recording all fixed assets, including those used for the provision of Commissioner Requested Services, in accordance with the requirements of the Independent Regulator.

13.2.3 Additions to the fixed asset register must be clearly identified to an appropriate officer and be validated by reference to

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

The Trust shall maintain an asset register of every relevant asset used for the provision of Commissioner Requested Services in accordance with the guidance issued by the Independent Regulator.

13.2.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, the responsible officer must notify the Director of Finance, who will ensure that their value is removed from the accounting records. Each disposal must be validated by reference to authorisation documents and invoices (where appropriate).

13.2.5 Assets that are leased by the Trust must not be disposed of.

13.2.6 The Director of Finance shall approve procedures for reconciling the fixed asset balances in the financial ledger with the balances on the fixed asset register.

13.2.7 The value of each asset shall be maintained in accordance with the Trust's agreed accounting policies.

13.2.8 The value of each asset shall be depreciated over its expected asset life in accordance with the appropriate accounting standards and any guidance issued by Department of Health and Social Care.

13.3 Security of Fixed Assets

- 13.3.1 The Chief Executive is responsible for the overall control of the Trust's fixed assets.
- 13.3.2 Asset control procedures (including fixed assets, donated assets, cash, cheques and negotiable instruments) must be approved by the Director of Finance. These procedures shall make provision for
- a) recording the managerial responsibility for each asset
 - b) the identification of additions and disposals
 - c) the identification of all repairs and maintenance expenses
 - d) the physical security of assets
 - e) the periodic verification of the existence of, condition of and title to, assets recorded
 - f) identification and reporting of all costs associated with the retention of an asset
 - g) reporting, recording and safekeeping of cash, cheques and negotiable instruments; detailed in section 14.
- 13.3.3 All discrepancies revealed by the verification of physical assets to the fixed asset register shall be notified to the Director of Finance.
- 13.3.4 Each employee has a responsibility for the security of the Trust's property and should ensure that equipment and property is secured when not attended and should report suspicious incidents and losses to their appropriate manager. It is the responsibility of Directors and senior managers in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the Trust Board. Any breach of agreed security practices must be reported to the Chief Executive.
- 13.3.5 Any damage to the Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported in accordance with the procedure for reporting losses in section 16.
- 13.3.6 Where practical, purchased or donated assets should be marked as Trust property.
- 13.3.7 Where assets are loaned or leased to the Trust, responsible officers should ensure these are notified to the Director of Finance in accordance with prescribed procedures. These assets must be clearly identified and must not be scrapped or otherwise disposed of. An inventory of such assets will be maintained but will not form part of the fixed asset register.

13.4 Restrictions on the disposal of assets

- 13.4.1 A register of every relevant asset for the provision of Commissioner Requested Services is required to be maintained in accordance with requirements issued by the Independent Regulator.
- 13.4.2 If NHS Improvement has given notice to the Trust that it is concerned about the ability of the Trust to carry on as a going concern then the following shall apply.
- a) The Trust shall not dispose of the whole or any part of, or relinquish control over, any relevant asset except with the consent in writing of NHS Improvement
 - b) The Trust shall inform NHS Improvement of any proposals to dispose of, or relinquish control over, any relevant asset
 - c) Written consent from NHS Improvement shall not prevent the Trust from disposing of, or relinquishing control over, any relevant asset where:
 - I. NHS Improvement has issued a general consent, or
 - II. The Trust is required by the Care Quality Commission to dispose of a relevant asset.

13.5 Disposal of Assets

- 13.5.1 The Director of Finance must prepare detailed procedures for the disposal of assets including condemnations and ensure that these are notified to Managers.
- 13.5.2 When a Department decides to dispose of a Trust asset, the Head of Department, or authorised deputy must comply with the Trust's procedures. In particular by:
- a) establishing whether it is needed elsewhere in the Trust; and if not
 - b) determining and advising the Director of Finance of the estimated market value of the item, taking account of professional advice where appropriate.
- 13.5.3 In the event of a private sale (e.g. to a member of staff) the Head of Department should first follow the procedure in Section 13.5.1. If the private sale is more beneficial the Divisional Manager should be notified of the course of action. Advice should be sought from the Finance Department regarding the VAT liability of the proposed sale.

13.6 Condemnations

- 13.6.1 All unserviceable articles can only be condemned or otherwise disposed of by an officer authorised for that purpose by the Director of Finance and in accordance with Trust procedures. In particular the condemnation must be appropriately recorded in line with these procedures identifying whether the articles are to be converted, destroyed or otherwise disposed of. All records shall be confirmed by the countersignature of a second employee authorised for the purpose by the Director of Finance.
- 13.6.2 The officer condemning the item shall establish whether or not there is evidence of negligence in use and shall report such evidence to the Director of Finance who will take appropriate action.

14 Security of Cash, Cheques and Other Negotiable Instruments

14.1 Objective

- 14.1.1 a) To ensure that cash, cheques, and similar documents of value are kept securely and properly controlled.
b) To design and securely control all controlled stationery e.g. receipt books, agreement forms, income books.

14.2 Cash

14.2.1 Cash handling represents an area of high risk, therefore it should be kept to a minimum with banking facilities used whenever possible. All staff responsible for collecting or holding cash must comply with these standing financial instructions and all detailed system procedures issued by the Director of Finance, in order to protect themselves and prevent their integrity from being called into question.

14.2.2 The Senior Manager responsible for an area where cash is handled must ensure that all staff:

- are aware of their duty to comply with Standing Financial Instructions and the procedures issued by the Director of Finance.
- comply with the provisions of this section of the Standing Financial Instructions and cash handling procedures.

14.2.3 On every occasion when cash is transferred from the custody of one person to another it shall be the duty of the recipient to check it and of the other to obtain a written acknowledgement. Where this is not possible due to the cash being in sealed packets, the packets shall be counted and acknowledged unopened.

14.2.4 Cash handling procedures should always demonstrate segregation of duties. Where this is not possible, a Senior Manager must oversee the process including conducting regular checks to provide assurance.

14.3 Cash Expenditure

14.3.1 If a Manager considers it necessary for a member of staff to use cash to purchase goods or services on behalf of the Trust, where cheque payment or bank transfer is impractical, they must comply with the 'petty cash' procedures established by the Director of Finance.

14.3.2 The Trust's money shall not, under any circumstances, be used for the encashment of private cheques or be used for private purposes.

14.3.3 Staff responsible for administering petty cash imprests must ensure that payments are only made in line with the petty cash procedure established by the Director of Finance. Every payment must be recorded and authorised in accordance with these procedures with evidence supporting the transaction.

14.3.4 It is the responsibility of all staff authorised to hold cash to reconcile, at least once a week, the record of transactions with the amount actually in hand, in line with Trust procedures. It is the responsibility of their manager to review and make appropriate checks in line with Trust procedures. Any discrepancy or concerns must be reported to senior management and the Director of Finance without delay.

14.4 Cash Income

- 14.4.1 Income received shall be handled and accounted for in accordance with the requirements of Sections 6.3 and 7.

14.5 Security of Cash

- 14.5.1 Staff involved in the handling of cash and their managers are responsible for ensuring that cash is kept securely and in accordance with the procedures issued by the Director of Finance. They must ensure that they have notified the finance department of the cash handling within their area.
- 14.5.2 Safes and/or lockable cash boxes shall be provided for the custody of cash in all places where it is necessary for cash to be held. Coin-operated machines shall wherever possible be fitted with separately lockable compartments for cash.
- 14.5.3 Cash boxes holding cash shall not be left unattended at any time and shall be kept in a safe when not in use.
- 14.5.4 The loss of cash, cash boxes, safes or keys should be notified to the finance department immediately.

14.6 Unofficial Funds

- 14.6.1 The Trust shall not be liable in any circumstances for the loss of unofficial funds (funds not arising from Trust business). The holder of the key of a safe provided for the custody of official cash shall not accept unofficial funds for safe keeping.

14.7 Controlled Stationery

- 14.7.1 The Director of Finance is responsible for approving the design of, and ordering, all controlled stationery such as receipt books, agreement forms, invoices or other means of recording monies received or receivable.
- 14.7.2 All controlled stationery shall be issued and kept securely in accordance with procedures established by the Director of Finance. Any loss of controlled stationery must be reported to the Director of Finance immediately.

14.8 Cheques

- 14.8.1 All blank cheques or other orders for payment shall be ordered only on the authority of the Director of Finance, who shall make proper arrangements for their safe custody. They shall be subject to the same security precautions as are applied to cash. Any loss of cheques shall be reported to the Director of Finance immediately.
- 14.8.2 Cheques are not permitted to be drawn to "cash".

14.9 Movement of Cash

- 14.9.1 The Director of Finance shall prescribe the system for the transporting of cash and shall be responsible for making all arrangements with any security company operating under a contract with the Trust. Cash in transit (including cash moved from one office or building to another on Trust premises) and the making up and paying out of cash payments shall be suitably safeguarded. When substantial amounts have to be moved, special security arrangements shall be made.
- 14.9.2 Any employee who has any indication that the safe custody of cash on the Trust's premises or in transit to or between premises may be at risk shall immediately notify the Director of Finance and the Security Officer confidentially of the circumstances.

14.10 Transfer of Responsibilities for Cash, Cheques and Controlled Stationery

- 14.10.1 When an employee, whose duties include the holding of cash, cheques or controlled stationery hands over responsibility prior to leave or termination of appointment, both the outgoing and the incoming officer shall sign a handing over certificate stating:
- a) the composition of the cash
 - b) the consecutive numbers of the cheques or controlled stationery;
 - c) particulars of keys handed over
 - d) particulars of anything else being held for safekeeping
- 14.10.2 In the unavoidable absence of the outgoing employee, one or more other employee shall be appointed to carry out the hand-over to the incoming officer.
- 14.10.3 Where the responsibility for an imprest changes permanently, this fact shall be notified to the Director of Finance. Hand-over certificates evidencing the change in responsibility should be retained within the area for future reference.
- 14.10.4 During any absence of the substantive holder of the key to a safe or cash box, the officer or officers appointed to act temporarily shall be fully accountable for the performance of such duties and shall be subject to these Standing Financial Instructions as though they were the substantive key holder.

15 Patients' Property

15.1 Objective

15.1.1 To ensure that property of patients is properly safeguarded and fully accounted for.

15.2 Responsibilities

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

15.2.2 Staff shall be informed on appointment in writing by the appropriate departmental head or senior officers of their responsibilities and duties for the administration of the property of patients.

15.2.3 The Chief Executive shall be responsible for ensuring that patients or their guardians, as appropriate, are informed before or at admission that the Trust will not accept responsibility or liability for patients' monies and personal property brought into the Trust's premises, unless it is handed in for safe custody and a copy of the patients' property record is obtained as the official receipt.

15.2.4 Where possible patients should be advised to make their own arrangements for the safe custody of their property - outside of the hospital.

These matters shall be drawn to patients' attention by means of:

- a) Notices and information booklets
- b) Hospital admission documents and property records
- c) The verbal advice of administrative and nursing staff responsible for admissions

15.2.5 The Director of Finance must provide detailed written instructions on the collection, custody, recording, safekeeping, and disposal of patient property (including instructions on the disposal of the property of deceased patients and patients transferred to other premises) for all staff whose duty it is to administer in any way the property of patients.

15.2.6 Every employee of the Trust into whose personal custody any money or other property of a patient is received must comply with the requirements of these instructions. Valuable items shall be dealt with in the same way as cash and therefore instructions in sections 6 and 14 will apply.

15.2.7 Except as provided below in section 15.3, refunds of property handed in for safe custody shall be returned to the patient, as required, by the employee who has been responsible for its security. The return shall be receipted by the patient or guardian as appropriate, and witnessed.

15.3 Deceased patients

- 15.3.1 The disposal of property of deceased patients shall be effected by the Director of Finance and in accordance with Department of Health and Social Care and Treasury guidance. Disposal to relatives shall be dependent on clarification of the lawful kin or other such person entitled to the possessions in question.
- 15.3.2 In all cases where property, including cash and valuables of a deceased patient is of a total value of more than £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 a Grant of Probate or Letters of Administration shall be required before any of the property is released. Where the total value of the property is £5,000 or less, forms of indemnity shall be obtained.
- 15.3.3 In respect of a deceased patient's property, if there is no will and no lawful kin, the property vests with the Crown, and particulars shall, therefore, be notified to the Treasury Solicitor, or to the Duchies of Lancaster and Cornwall, as appropriate.
- 15.3.4 Any funeral expenses necessarily borne by the Trust are a first charge on a deceased person's estate. Where arrangements for burial or cremation are not made privately, any cash of the estate held by the Trust shall be appropriated towards funeral expenses. No other expenses or debts shall be discharged out of the estate of a deceased patient.

16 Losses and Special Payments

16.1 Objective

16.1.1 To ensure that property of patients is properly safeguarded and fully accounted for.

16.2 General

16.2.1 The Director of Finance is responsible for establishing procedures for the recording of and accounting for losses and special payments.

16.2.2 The Director of Finance shall maintain a losses and special payments register in which all losses shall be recorded without delay. Appropriate officers must undertake a review of systems and processes to reduce the risk of similar losses arising in the future and seek advice where they believe a particular case raises a point of principle.

16.2.3 For any loss the Director of Finance shall consider whether any claim can be made against insurers and ensure this is pursued if appropriate.

16.3 Losses

16.3.1 Any employee discovering or suspecting a loss of any kind must immediately inform their Head of Department, who must ensure that their Divisional Manager (or Head of Service in the case of Trust Services) is informed.

The Divisional Manager or Head of Service must appropriately inform the Chief Executive, Director of Finance or Chief Internal Auditor. Employees may also report suspicions directly to the Chief Internal Auditor. Where a criminal offence (i.e. theft or arson) or loss due to fraud or corruption is suspected, the Chief Executive, Director of Finance or Chief Internal Auditor must be informed immediately.

16.3.2 The Director of Finance is responsible for ensuring the Trust has a 'Counter Fraud Plan' setting out the action to be taken both by persons detecting a suspected fraud and those persons responsible for investigating it. Where loss due to fraud or corruption is suspected the Trust's countering fraud and bribery policy should be referred to.

16.3.3 Losses arising from accidental breakages, deteriorations due to overstocking and other losses of goods in stores should be recorded and notified as described in section 12.

16.3.4 All losses are required to be reported to the Audit Committee on a quarterly basis.

16.4 Write-Offs

16.4.1 The Trust Board shall approve a scheme of delegation for the approval and authorisation of write-offs within the limits of delegation granted to the Trust by NHS Improvement. Write offs includes the abandonments of claims and the charging of fruitless payments.

16.4.2 The Director of Finance shall report to the Audit Committee a summary of write offs each quarter with details of all cases for which the Trust Board's specific approval is required.

16.5 Special Payments

16.5.1 Special Payments include:

- Ex-gratia payments
- Compensation payments made under legal obligation
- Extra statutory or extra regulatory payments
- Extra contractual payments to contractors.

16.5.2 Ex gratia payments compensate patients, visitors and staff for the loss of personal effects or for incurring unnecessary expense in exceptional circumstances. The authority to make ex-gratia payments and the process for doing so is included in the procedures referred to in section 16.2.1. Key points can be summarised as:

- Ex-gratia payments for loss or damage to employees' or patients' personal effects should only be paid if there has been negligence on the part of the Trust or of any of its employees. Divisional Managers/Heads of Service must confirm that the loss occurred on Trust property and that there was negligence on the Trust's part which contributed to the loss. Reference should be made to Section 15, patient property.
- Accidental damage to an employee's clothes, etc., where no other person is involved does not qualify for compensation unless caused by defects in equipment or conditions which is the responsibility of the Trust and which could not reasonably have been foreseen or avoided by the employee. Accidental damage to staff's personal effects caused by a patient should be dealt with on the merits of the case.
- Reimbursement of unnecessary costs incurred, such as those associated with attending for treatment which is subsequently cancelled, will only be considered in exceptional circumstances and only reasonable expenses as defined in the policy will be considered.
- Ex-gratia payments are only made once properly authorised and reimbursement is limited to actual costs incurred. Receipts are required to support all claims, although reimbursement for amounts below £50 can be made without a receipt at the discretion of the Director of Finance.
- Recommendations for ex-gratia payments should be made to the Director of Finance in accordance with Trust procedures. Only the Director of Finance or delegated deputy can authorise such payments.
- Ex-gratia payments are authorised in accordance with the following delegated limits:
 - Up to £1,000 Director of Finance
 - £1,001 - £50,000 Chief Executive
 - Over £50,000 Trust Board

16.5.3 Personal injury cases will be dealt with in the following manner:

- Over 10,000 - decided in conjunction with the NHS Resolution
- Up to £10,000 - may be settled without legal advice with the approval of the Chief Executive or Director of Finance or the Director of People

- 16.5.4 Public Liability cases will be dealt with in the following manner:
- Over £3,000 – decided in conjunction with the NHS Resolution.
 - Up to £3,000 – may be settled without legal advice with the approval of the Appropriate Divisional/Corporate Services Manager or Director of Finance or Chief Executive
- 16.5.5 All Clinical Negligence Cases are handled and decided by the NHS Resolution on behalf of the Trust. Whilst NHS Resolution is administratively and financially responsible for all clinical negligence cases the legal liability remains with the Trust.
- 16.5.6 Severance payments or voluntary severance schemes require a supporting business case for submission to the Trust's relationship manager at NHS Improvement. NHS Improvement will then forward to HM Treasury for approval.
- 16.5.7 Special severance payments to staff outside contractual or statutory entitlements (including settlement of employment tribunal claims) in order to terminate employment need to be approved by HM Treasury before settlement is offered. There are no delegated limits for special severance payments, and all cases need to go to HM Treasury.
- 16.5.8 All applications for severance payments must be approved by the Director of People and submitted by the Director of Finance according to Trust procedures and in the appropriate form required by HM Treasury.
- 16.5.9 The Trust is required to obtain approval for time limited voluntary severance schemes, which obviates the need to make a submission for each individual non contractual or non-statutory payment made under the scheme.
- 16.5.10 All proposals for payment for maladministration and distress shall be dealt with in accordance with the Trust's policy. Divisional Managers shall sign off all payment requests for approval.
- 16.5.11 Delegated limits for approving maladministration and distress payments are as follows:
- Up to £1,000 Director/Deputy Director of Finance
 - £1,001 - £50,000 Chief Executive
 - Over £50,000 Trust Board
- 16.5.12 All extra contractual payments to contractors must be approved within the delegated limits
- | | |
|------------------------------|---|
| Up to £25,000 | Director of Finance or Deputy Director of Finance |
| Between £25,000 and £100,000 | Chief Executive |
| Over £100,000 | Trust Board |
- 16.5.13 All special payments are required to be reported to the Audit Committee on a quarterly basis.
- 16.6 Insurance**
- 16.6.1 There is a scheme available, administered by the NHS Resolution, through which the Trust insures. A small number of specified risks are not insurable through the NHS scheme and these may be insured commercially, see section 19. The Director of Finance shall establish procedures so for reporting claims are made for all insured losses.
- 16.7 Bankruptcy and Liquidation**
- 16.7.1 The Director of Finance shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.

17 External Borrowing and Public Dividend Capital

17.1 Objective

- 17.1.1 To ensure that property of patients is properly safeguarded and fully accounted for. The Director of Finance is responsible for establishing procedures for the recording of and accounting for losses and special payments.

17.2 External Borrowings

- 17.2.1 The Trust can obtain a working capital facility from the commercial banking sector. Short term borrowing should be kept to the minimum period of time possible, consistent with the overall cash flow position, represent good value for money, comply with the Trust's Treasury Management Policy and all guidance issued by NHS Improvement.
- 17.2.2 The Director of Finance shall be responsible for advising the Trust Board regarding the Trust's ability to repay public dividend capital (PDC) and long-term loan principal together with the payment of dividends on PDC and interest on such borrowings. The Director of Finance shall also be responsible for reporting periodically to the Trust Board concerning the PDC debt and all loans or short term borrowings.
- 17.2.3 Any application for a loan or short term borrowing will only be made by the Director of Finance or an officer designated for this purpose following approval by the Finance Committee, and in accordance with the Scheme of Delegation as appropriate.
- 17.2.4 The Director of Finance shall maintain a schedule of employees (including specimens of their signatories) approved by the Finance Committee who are authorised to make short term borrowings on behalf of the Finance Committee. This must include the Chief Executive and Director of Finance.
- 17.2.5 Any short-term borrowing must be with the authority of two employees identified in 17.2.4 one of which must be the Chief Executive or the Director of Finance. The Board must be made aware of all short term borrowing at their next meeting.
- 17.2.6 The Director of Finance will advise the Trust Board on the need for longer term borrowing. Following resolution of the Board, the Director of Finance will make appropriate arrangements with the Independent Trust Financing Facility or other lender depending on the commercial arrangements available. All long term borrowing in respect of Strategic Capital Schemes must be consistent with the plans outlined in the current Medium Term Capital Programme approved by the Finance Committee.
- 17.2.7 The Director of Finance must ensure that any loan application is made in accordance with the instructions issued by the lender and NHS Improvement. Records must be maintained and all interest and loan principal must be repaid in accordance with the lender's loan agreements.
- 17.2.8 Assets defined as Commissioner Requested Services (CRS) relevant assets shall not be used or allocated for borrowing; non-CRS relevant assets will be eligible as security for loans.

18 Capital Investment and Private Financing

18.1 Objective

- 18.1.1 To ensure that property of patients is properly safeguarded and fully accounted for. The Director of Finance is responsible for establishing procedures for the recording of and accounting for losses and special payments.

18.2 Capital Investment

- 18.2.1 The Trust Board shall approve the funding contained within the Trust's Medium Term Capital Programme as part of the annual budget approval process and any subsequent updates.

- 18.2.2 The Director of Finance shall ensure that the Trust produces a Capital Investment Policy and this is reviewed annually and approved by the Trust Board.

- 18.2.3 The Chief Executive

- a) shall ensure that there is an adequate appraisal and approval process in place in line with the Trust's Capital Investment Policy, for determining capital expenditure priorities and the effect of each proposal upon business plans
- b) is responsible for the ensuring the effective management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost
- c) shall ensure that the capital investment is not undertaken without the availability of resources to finance all revenue consequences, including, the servicing of loan interest, loan principal repayment and capital charges.

- 18.2.4 For every capital expenditure proposal the Chief Executive shall ensure;

- a) that a business case is produced in line with guidance issued by the Department of Health and Social Care or Independent Regulator and the Trust's Capital Investment Policy which sets out:
 - I. an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to cost
 - II. the involvement of appropriate Trust personnel and external agencies
 - III. appropriate project management and governance arrangements.
- b) that the Director of Finance has validated the capital costs and revenue consequences detailed in the business case.
- c) approval of each business case prior to tender.

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

- 18.2.5 For capital schemes requiring stage payments, the Director of Finance shall issue procedures on their management.

- 18.2.6 The Director of Finance shall ensure that all capital schemes are accounted for in accordance with HM Revenue and Custom guidance.

18.2.7 The Director of Finance is responsible for the regular reporting of donations, expenditure and commitments against the Trust's approved Medium Term Capital Programme via the Trust's Capital Programme Steering Group.

18.2.8 The approval of a Medium Term Capital Programme shall not constitute approval for expenditure on any scheme.

The Chief Executive shall ensure that there are procedures in place identifying managers responsible for each scheme, specifying:

- a) levels of authority to commit expenditure
- b) authority to proceed to tender

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

18.2.9 Schemes must be tendered and managed in accordance with the requirements of Section 10.

18.2.10 Donations (cash and goods) received from charitable parties for the purposes of capital investment will require submission to and the approval of the Capital Programme Steering Group prior to acceptance. Any associated legal agreement containing obligations on the part of the Trust requires signature by the Director of Finance or Director of Strategy and Transformation.

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

18.3 Commercial / Private Finance

18.3.1 The Trust should give consideration to private finance when considering material capital procurement. When the Trust proposes to use private finance the following procedures shall apply:

- a) The Director of Finance shall demonstrate that the use of commercial/private finance represents a balance of value for money compared with using the Trust's own finance and where appropriate, genuinely transfers risk to the private sector.
- b) The proposal must be specifically agreed by the Trust Board.

18.3.2 The Director of Strategy and Transformation is responsible for ensuring that:

- a) a programme of service delivery inspections is in place to ensure contract terms are monitored
- b) payments to the commercial partners are authorised in accordance with the contracted availability and performance factors
- c) clearly established dispute resolution procedures are in operation
- d) effective procedures for agreement of changes to service delivery
- e) the service is market tested in line with the contract

18.4 Leases

18.4.1 All proposals for finance or operating leases must be submitted to the Director of Finance for advice and approval. Leasing proposals must demonstrate value for money. The Director of Finance must sign all leases.

19 Risk Management and Insurance

19.1 Objective

19.1.1 To define the Trust's requirements for risk management and insurance.

19.2 Risk Management

19.2.1 The Chief Executive shall ensure that the Trust has robust risk management arrangements, in accordance with any requirements of NHS Improvement which must be approved and monitored by the Board.

19.2.2 The programme of risk management arrangements shall include:

- a) a process for identifying and quantifying risks and potential liabilities;
- b) engendering among all levels of staff a positive attitude towards the management of risk;
- c) governance processes to ensure all significant risks and potential liabilities are identified, managed including identifying responsibility, effective systems of internal control, action/mitigation, cost effective insurance cover, and decisions on the acceptable level of mitigated risk;
- d) contingency plans to offset the impact of adverse events;
- e) audit arrangements including; internal audit, clinical audit, health and safety review;
- f) regular review of the Trust's risk management arrangements;
- g) a clear indication of which risks shall be insured.

19.2.3 The existence, integration and evaluation of the above elements will assist in providing a basis to make a statement on the effectiveness of Internal Control within the Annual Report and Accounts as required by NHS Improvement.

19.3 Insurance

19.3.1 The Chief Executive, in conjunction with the Director of Finance, is responsible for ensuring that adequate insurance cover is held in line with the Trust's risk management policy approved by the Board. This will include insuring through the risk pooling schemes administered by the NHS Litigation Authority, self-insuring for some or all of the risks covered by the risk pooling schemes and purchasing insurance from commercial insurers. If the Board decides not to use the risk pooling schemes for any of the risk areas (clinical, property and employers/third party liability) covered by the scheme this decision shall be reviewed annually.

19.3.2 Trust Officers are required to notify the Director of Finance of all new risks or property which may require to be insured and of any changes that may affect risk or existing insurance.

19.3.3 All insurance policies must be approved by the Director of Finance.

19.3.4 The Trust may purchase commercial insurance policies for risks not provided for under the Property Expenses Scheme (PES) and Liabilities to Third Parties Scheme (LTPS). This includes:

- a) Additional cover over and above the Trust's delegated limit under PES i.e. property (to the full reinstatement value of the property), contract works, fidelity, and business interruptions.

- b) Providing cover for specific activities outside the LTPS i.e. non-clinical professional indemnity, charitable trustees' liability, and Directors and Officers liability.
- c) All such insurance policies must be approved by the Director of Finance.

19.3.5 Arrangements to be followed in agreeing insurance cover:

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

20 Audit and Counter Fraud

20.1 Objective

- 20.1.1 To ensure a systematic and effective review of the Trust's financial and management controls to give assurance that resources are used efficiently and safeguarded against misuse or fraud.

20.2 Audit Committee

- 20.2.1 In accordance with Standing Orders, the NHS Act 2006 and the NHS Foundation Trust Code of Governance as developed by the Regulator, the Board shall formally establish an Audit Committee, with clearly defined terms of reference and membership consistent with relevant guidance issued by Regulators or the Department of Health and Social Care, including the NHS Audit Committee Handbook.

- 20.2.2 The role of the Audit Committee is to provide assurance to the Board on the suitability and efficacy of the Trust's governance, risk management and internal control by obtaining an independent and objective view of the Trust's financial systems, financial information, management controls and compliance with relevant laws and guidance. This will be achieved by:

- a) Monitoring and reviewing the effectiveness of the Trust's Internal and External Audit function, including involvement in the selection process when there is a proposal to review the provision of their services.
- b) Monitoring the integrity of the Trust's financial statements, reviewing significant financial reporting judgements contained in them.
- c) Reviewing the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives.
- d) Monitoring compliance with Standing Orders and Standing Financial Instructions.
- e) Reviewing schedules of losses and compensations and making recommendations to the Board.
- f) Reviewing the arrangements in place to support the Assurance Framework process prepared on behalf of the Board and advising the Board accordingly.
- g) Reporting to the Council of Governors.

- 20.2.3 Where the Audit Committee considers there is evidence of ultra-vires transactions, evidence of improper acts, or if there are other important matters that the Committee wishes to raise, the Chair of the Audit Committee should raise the matter at a full meeting of the Board. Exceptionally, the matter may need to be referred to the Regulator via the Director of Finance in the first instance.

20.3 Responsibilities of the Director of Finance

- 20.3.1 The Director of Finance is responsible for:
- a) ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective Internal Audit function.
 - b) ensuring that the Internal Audit is effective and meets the NHS mandatory audit standards and any directions given by the Independent Regulator.
 - c) deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption.

- d) ensuring that an annual internal audit report is prepared for the consideration of the Audit Committee and the Board. The report must cover:
 - i. a clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the Department of Health and Social Care including for example compliance with control criteria and standards
 - ii. major internal financial control weaknesses discovered
 - iii. progress on the implementation of internal audit recommendations
 - iv. progress against plan over the previous year
 - v. strategic audit plan covering the coming three years
 - vi. a detailed plan for the coming year

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

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

20.4 Internal Audit

20.4.1 Internal Audit primarily provides an independent and objective opinion to the Chief Executive, the Board and the Audit Committee on the degree to which risk management, control and governance support the achievement of the Trust's objectives. Internal Audit will review, appraise and report upon:

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

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

20.4.3 The Chief Internal Auditor will normally attend the Audit Committee meetings and has a right of access to all Audit Committee members, the Chair and Chief Executive of the Trust.

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

- 20.4.5 The Chief Internal Auditor is responsible for developing and maintaining an Internal Audit Strategy to provide an objective evaluation of, and opinion on, the effectiveness of the organisation's risk management, control and governance arrangements. The Chief Internal Auditor's opinion is a key element of the framework of assurance the Chief Executive needs to inform the completion of the Annual Statement on Internal Control. The delivery of this strategy will be realised through the delivery of considered and approved annual plans which will systematically review and evaluate risk management, control and governance of all the Trust's operations, resources, services and responsibilities for other bodies.
- 20.4.6 The Chief Internal Auditor will co-ordinate Internal Audit Plans and activities with line managers, external audit and other review agencies to ensure effective audit coverage is achieved and duplication of effort is minimised.
- 20.4.7 Internal Audit have the right to access all records, assets, personnel and premises of the Trust in the pursuit of information necessary to fulfil its responsibilities. In any instances of conflict this will be referred for resolution to the Director of Finance, Chief Executive or Chair of Audit Committee as appropriate.
- 20.4.8 If the Chief Internal Auditor, Chief Executive, Director of Finance or the Audit Committee consider that the level of Internal Audit resources or the terms of reference in any way limit the scope of Internal Audit, or prejudice the ability of Internal Audit to deliver a service consistent with the definition of internal auditing, they should advise the Board accordingly.
- 20.4.9 Internal Audit provides an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance. The service applies the professional skills of Internal Audit through a systematic and disciplined evaluation of the policies, procedures and operations that management put in place to ensure the achievement of the organisation's objectives, and through recommendations for improvement. Such consultancy work contributes to the opinion, which Internal Audit provides on risk management, control and governance.
- 20.4.10 Internal Audit must be sufficiently independent of the activities which it audits to enable auditors to perform their duties in a manner, which facilitates impartial and effective professional judgements and recommendations. Internal Audit will have no Executive responsibilities.
- 20.4.11 Internal Auditors must have an impartial, unbiased attitude, characterised by integrity and an objective approach to work, and should avoid conflicts of interest. Internal Auditors must declare any conflicts of interest to the Chief Internal Auditor. Any conflicts of interest encountered by the Chief Internal Auditor must be declared to the Director of Finance.
- 20.4.12 The Director of Finance is responsible for ensuring the Chief Internal Auditor is of sufficient status to facilitate the effective discussion and negotiations of the results of Internal Audit work with senior management.
- 20.4.13 Appointment at all levels within the Internal Audit team must endeavor to fulfil the four main principles of the code of ethics for Internal Audit, integrity, objectivity, competency (i.e. professional qualifications, skills and experience) and confidentiality.
- 20.4.14 Within the parameters of the contract for the Internal Audit Service, the Chief Internal Auditor is responsible for ensuring the team is adequately staffed and that there is access to the full range of knowledge, skills, qualifications and experience to deliver the Internal Audit Plan in line with the NHS Internal Audit Standards. The team will undertake regular assessments of professional competence through an on-going appraisal and development programme (Personal Development Plans and Continuing Professional Development) with training provided where necessary,

20.5 External Audit

- 20.5.1 The External Auditor is appointed by the Council of Governors Representative at a general meeting of the Council of Member Representatives and paid for by the Trust. The Audit Committee must ensure a cost-efficient service. If there are any problems relating to the service provided by the External Auditor, then this should be raised with the External Auditor and reported to the Audit Committee and Council of Governors Representatives.
- 20.5.2 The Trust will ensure that the external auditor complies with the Audit Code for NHS Foundation Trusts at the date of appointment and on an on-going basis throughout the term of appointments.
- 20.5.3 The Council of Governors shall determine the terms of the contract for the provision of the External Audit.
- 20.5.4 The Audit Committee will receive and agree the External Auditor's annual plan.

20.6 Fraud and Corruption

- 20.6.1 In line with their responsibilities, the Chief Executive and Director of Finance shall monitor and ensure compliance with relevant directions and guidance on countering fraud and corruption within the NHS.
- 20.6.2 The Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist as specified by the NHS Fraud and Corruption Manual and relevant directions and guidance.
- 20.6.3 The Local Counter Fraud Specialist shall report to the Director of Finance and shall work with staff in NHS Protect in accordance with the NHS Fraud and Corruption Manual.
- 20.6.4 The Local Counter Fraud Specialist will provide a written report to the Audit Committee, at least annually, on counter fraud work within the Trust.
- 20.6.5 Counter fraud specialists are entitled without necessarily giving prior notice to require and receive:
- a) access to all records, documents and correspondence relating to any relevant transactions, including documents of a confidential nature; (in which case, they shall have a duty to safeguard that confidentiality);
 - b) access at all reasonable times to any land, premises or members of the Board of Directors or employee of the Trust;
 - c) the production of any cash, stores or other property of the Trust under an employee's control;
 - d) explanations concerning any matter under investigation from any employee, agent or any employees of third parties contracted to the Trust when acting on behalf of the Trust.

20.7 Security Management

- 20.7.1 The Chief Executive is responsible for ensuring compliance with directions issued by the Department of Health and Social Care relating to NHS security management
- 20.7.2 The Trust shall nominate a director at Board level who will have delegated responsibility for security management as required by the Department of Health and Social Care guidance on NHS security management.
- 20.7.3 The Trust shall nominate a Non-Executive Director to be responsible to the Board for NHS security management.

21 Information Management and Technology

21.1 Objective

21.1.1 18.1.1 To define responsibilities for the management of the Trust's Information Management and Technology Systems.

21.2 Responsibilities and Duties of the Director of Finance

21.2.1 The Director of Finance is responsible for the accuracy and security of the computerised financial data of the Trust:

- a) devising and implementing any necessary procedures to ensure appropriate protection of the Trust's data, programs and computer hardware from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 2018;
- b) ensuring that appropriate controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;
- c) ensuring that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
- d) ensuring that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as they may consider necessary are carried out.
- e) ensuring procedures are in place to limit the risk of, and recover promptly from, interruptions to computer operations.

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

21.2.3 Where computer systems have an impact on corporate financial systems, the Director of Finance shall seek assurance that

- a) systems acquisition, development and maintenance are in line with corporate policies including the Clinical Systems Strategy;
- b) data produced for use with financial systems is adequate, accurate, complete and timely, and that there is an audit trail;
- c) Director of Finance staff has access to such data;
- d) appropriate computer audit reviews are undertaken.

21.3 Responsibilities and Duties of Other Directors in Relation to Computer Systems of a General Application

21.3.1 The Legal Services Department (with support from the Chief Information Officer) shall publish and maintain a Freedom of Information (FOI) Publication Scheme, or adopt a model Publication Scheme approved by the Information Commissioner. This describes the information regarding the Trust that is made publicly available.

21.3.2 For the implementation, upgrade or changes to computer systems used generally within the Trust, the responsible manager for the system will present a business case to the Joint IT Management Group and Clinical Systems Implementation Programme Board for approval.

21.4 Contracts for Computer Services with NHS Bodies or Outside Agencies

- 21.4.1 The Director of Finance shall ensure that contracts for computer services for financial applications with another NHS body or any other agency shall clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes.
- 21.4.2 Where another NHS body or any other agency provides a computer service for financial applications, the Director of Finance shall periodically seek assurances that adequate controls are in operation.

21.5 Risk Management

- 21.5.1 The Director of Finance shall ensure that risks to the Trust arising from the use of IT are effectively identified and considered and appropriate action taken to mitigate or control risk (refer to Section 19.2). This shall include the preparation and testing of appropriate disaster recovery plans.

22 Acceptance of Gifts by Staff and Other Standards of Business Control

22.1 Objective

- 22.1.1 To ensure that Trust staff comply with required standards of behaviour when using public funds.

22.2 General

- 22.2.1 The Chief Executive shall ensure that a Register of Interests, Gifts and Hospitality is established to formally record declarations of interests, gifts and hospitality made by Trust staff, and as the Accountable Officer has ultimate responsibility for ensuring the Trust has appropriate policies in place in respect of conflicts of interest and the acceptance of gifts or other benefits in kind conferring an advantage to a member of staff. These policies should be consistent with the Standards of Business Conduct for NHS Staff.
- 22.2.2 The Trust Secretary of the Trust is responsible for implementing the Trust's Register of Interests, Gifts and Hospitality Policy across Clinical Divisions and Trust Headquarters, and ensuring all Trust employees are aware of these Trust policies and the restrictions in relation to accepting gifts, inducements, benefits in kind or other personal advantage that could be considered to be bribes under the Bribery Act 2010.

22.3 Gifts

- 22.3.1 Casual gifts offered by contractors or others may be construed to be connected with the performance of duties so as to constitute an offence under the Bribery Act 2010 and therefore all such gifts should be declined. Business articles with little intrinsic value (of less than £50 per gift) such as diaries, calendars, pens etc. need not be refused, nor small tokens of gratitude from patients or their relatives.
- 22.3.2 Any gift accepted of value greater than £50 should be declared in writing to the Trust Secretary via the Register of Interests, Gifts, and Hospitality. If several small gifts worth a total of over £100 are received by an individual from the same or closely related source in a twelve month period, these should also be declared on the Register of Interests, Gifts, and Hospitality.
- 22.3.3 Gifts offered to an individual where the value exceeds £50 should be declined. In exceptional circumstances and with the agreement of the line manager, the matter may be referred to the Trust Secretary for a decision as to whether the gift can be accepted.
- 22.3.4 Under no circumstances may staff accept cash or vouchers, even below the £50.00 threshold. Gifts of cash made to a ward or department are deemed to be charitable donations and should be dealt with as described in section 23. No further declaration is required.
- 22.3.5 All gifts to staff must be accepted in line with the Trust's Register of Interests, Gifts and Hospitality Policy.

22.4 Hospitality

- 22.4.1 Suppliers must not attempt to influence business decision making by offering hospitality to trust staff. Modest hospitality provided it is normal and reasonable in the circumstances may be accepted (e.g. lunches in the course of a working visit). If in doubt, advice should

be sought from the employee's line manager or relevant Director.

- 22.4.2 Any offers of inappropriate hospitality should be notified to the Trust secretary for appropriate action.
- 22.4.3 All hospitality to staff must be accepted in line with the Trust's Register of Interests, Gifts and Hospitality Policy.

22.5 Sponsorship

- 22.5.1 Acceptance by staff of commercial sponsorship for attendance at relevant conferences and courses is acceptable, but only where the employee seeks approval in advance from their line manager. Approval must depend on whether acceptance will, or could be believed to, compromise current or future purchasing decisions in any way.
- 22.5.2 The sponsorship of Trust events by existing suppliers to the Trust is acceptable subject to informing the Trust Board Secretary of the agreement for recording the details in the Register of Gifts, Hospitality and Sponsorship. Where the sponsor does not have a contract for supplies or services with the Trust, the Procurement Department should be consulted. The Trust Board Secretary should be informed. In all such cases there must be no favouritism shown to any one supplier in a way that could later be challenged by a competitor. Where this could be the case the same opportunity to sponsor events should be offered to the other interested parties.
- 22.5.3 Some suppliers offer training as a part of supplying equipment and this should be fully reflected through the contract entered into with the relevant organisation. In such cases no disclosure to the Trust Board Secretary is necessary.
- 22.5.4 The Trust shall not enter into commercial or charitable sponsorship arrangements which link such sponsorship to the supply of goods or services from any particular source.
- 22.5.5 Employees must not seek or accept preferential rates or benefits in kind for private transactions carried out with companies with which they have had, or may have, official dealings on behalf of the Trust. This does not apply to concessionary agreements negotiated with companies by the Trust, or the NHS, or by recognised staff interests, on behalf of all staff for example, staff benefit schemes.

23 Funds held in Trust

23.1 Objective

- 23.1.1 To ensure that the Trust's charitable funds are properly safeguarded and used for the benefit intended.

23.2 General

- 23.2.1 'Charitable funds are those gifts, donations and endowments made under the relevant charities legislation and held on trust for purposes relating to the NHS, the objects of which are for the benefit of the NHS in England.
- 23.2.2 The charitable trusts for the University Hospitals Bristol NHS Foundation Trust are administered by the Trustees of Above & Beyond (hereafter called the Trustees). The Trustees have their own systems of accounting and financial control and operate separate bank accounts to the Trust. Charitable funds should not be confused with those operated by the Trust for its exchequer funds.
- 23.2.3 All gifts, donations and proceeds of fund-raising activities which are intended for the Trust's benefit shall be handed immediately to either the Trustees or to the Trust's cashier who will bank the money and transfer to the Trustees. Any charitable funds paid in through the Trust's cashier must be clearly identified as such to ensure it is separated from the Trust's exchequer funds. However the funds are passed to the Trustees, there must be clear instruction regarding the donor's intentions or the area to benefit.
- 23.2.4 The Director of Finance shall be required to advise the Trust Board on the financial implications of any proposal for fund-raising activities which the Trust may initiate, sponsor or approve.
- 23.2.5 The Trustees will designate a fund advisor for each fund held who must comply with the written procedures issued by the Trustees regarding the use of these funds.
- 23.2.6 Expenditure of any funds held in trust shall be conditional upon:-
- a) the expenditure being within the terms of the appropriate fund
 - b) meeting the delegated limits which are:
 - <£1,000 approved by the designated fund advisor
 - >£1,000 approved by the Trustees in accordance with their scheme of delegation
 - assets or enhancements >£5,000 also requires approval in the first instance by the Trust's Capital Programme Steering Group
 - Expenditure can only be as prescribed by the approval given and can't exceed the value approved.
 - c) the prior approval of the Trust's Capital Programme Steering Group being obtained for items falling within the capital definition
 - d) being authorised by the fund advisor in writing, or by a person to whom the fund advisor has delegated authority having advised the Trustees in writing

24 Retention of Documents

24.1 Objective

- 24.1.1 To ensure the Trust has appropriate arrangements for retaining documents to comply with legal responsibilities and to enable the effective operation of the Trust.

24.2 General

- 24.2.1 The Chief Executive shall be responsible for maintaining archives for all records, including electronic records, required to be retained in accordance with Department of Health and Social Care guidelines.
- 24.2.2 The documents held in archives shall be capable of retrieval by authorised persons.
- 24.2.3 Documents held in accordance with Department of Health and Social Care guidelines shall only be destroyed at the express instigation of the Chief Executive. Records shall be maintained of documents so destroyed.