

STANDING FINANCIAL INSTRUCTIONS

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FOREWORD

Within the Provider License issued by NHS England and NHS Improvement, NHS Foundation Trusts are required to demonstrate the existence of comprehensive governance arrangements in accordance with the Health and Social Care Act 2012.

The Code of Accountability for NHS Boards (published by the Department of Health and Social Care in April 1994, EL (94)40) requires Boards to draw up Standing Orders, a schedule of Decisions Reserved to the Board and Standing Financial Instructions (SFIs). The Code also requires Boards to ensure that there are management arrangements in place to enable responsibility to be clearly delegated to senior executives. Additionally, Boards will have drawn up locally generated rules and instructions, including financial procedural notes, for use within their organisation. Collectively, these must comprehensively cover all aspects of (financial) management and control. In effect, they set the business rules which directors, employees, and members of the Council of Governors (including employees of third parties contracted to the Trust) must follow when taking action on behalf of the Board.

Once SFIs have been adopted by the Board they become mandatory on all directors, employees, and members of the Council of Governors.

1. INTRODUCTION

General

These Standing Financial Instructions (SFIs) are issued in accordance with the Financial Directions issued by the Secretary of State under the provisions of Sections 99(3), 97(A)(4) and (7) of the National Health Service Act 1977 for the regulation of the conduct of the Trust in relation to all financial matters. They have the same authority as the Standing Orders (SOs) of the Trust.

These SFIs detail the financial responsibilities, policies, and procedures to be adopted by the Trust. They are designed to ensure that its financial transactions are carried out in accordance with the law and Government policy to achieve probity, accuracy, economy, efficiency, and effectiveness. They should be used in conjunction with the Scheme of Delegation adopted by the Trust.

These SFIs identify the financial responsibilities that apply to everyone working for the Trust and its constituent organisations including Trading Units. They also apply to everyone involved with the management of Charitable Funds. They do not provide detailed procedural advice. These statements should therefore be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Chief Finance Officer.

Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of the Chief Finance Officer **MUST BE SOUGHT BEFORE ACTING**. The user of these SFIs should also be familiar with and comply with the provisions of the Trust's SOs.

FAILURE TO COMPLY WITH SFIs AND SOs IS A DISCIPLINARY MATTER WHICH COULD RESULT IN DISMISSAL.

If for any reason these Standing Financial Instructions are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit Committee for referring action or ratification. All members of the Board of Directors and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Chief Finance Officer as soon as possible.

Terminology

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

- a) "Board or Board of Directors" shall mean the Chair, Non-Executive Directors and Executive Directors appointed in accordance with the Constitution.
- b) "Budget" shall mean a resource, expressed in financial terms, proposed by the Board for the purpose of carrying out, for a specific period, any or all of the functions of the Trust.
- c) "Budget Holder" shall mean the director or employee with delegated authority to manage finances (Income and Expenditure) for a specific area of the organisation.
- d) "Chief Executive" shall mean the chief officer of the Trust.
- e) "Chief Finance Officer" shall mean the chief finance officer of the Trust.
- f) "Legal Adviser" shall mean the properly qualified person appointed by the Trust to

- provide legal advice.
- g) "Trust" means Liverpool Heart and Chest Hospital NHS Foundation Trust which is a public benefit corporation.
 - h) "NHS England" is the body corporate.
 - i) Wherever the title Chief Executive, Chief Finance Officer, or other nominated officer is used in these instructions, it shall be deemed to include such other director or employee who have been duly authorised to represent them.
 - j) Wherever the term "employee" is used and where the context permits it shall be deemed to include employees of third parties contracted to the Trust when acting on behalf of the Trust.

Responsibilities and Delegation

The Board exercises financial supervision and control by:

- a) formulating the financial strategy
- b) requiring the submission and approval of budgets within overall income
- c) defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money), and
- d) defining specific responsibilities placed on Directors and employees as indicated in the Scheme of Delegation document.

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 "Matters Reserved for the Board" section of the Standing Orders.

The Board will delegate responsibility for the performance of its functions in accordance with the Scheme of Delegation document adopted by the Trust.

Within the SFIs, it is acknowledged that the Chief Executive is ultimately accountable to the Board. The Chief Executive has overall executive responsibility for the Trust's activities, is responsible to the Board for ensuring that its financial obligations and targets are met and has overall responsibility for the Trust's system of internal control.

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

It is a duty of the Chief Executive to ensure that existing directors and employees and all new appointees are notified of and understand their responsibilities within these Instructions.

The Chief Finance Officer is responsible for:

- a) implementing the Trust's financial policies and for coordinating any corrective action necessary to further these policies.
- b) maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented, and maintained to supplement these instructions.
- c) ensuring that sufficient records are maintained to show and explain the Trust transactions, to disclose, with reasonable accuracy, the financial position of the Trust at any time and, without prejudice to any other functions of Directors and employees to the Trust, the duties of the Chief Finance Officer include:

- the provision of financial advice to the Trust and its Directors and employees
- the design, implementation, and supervision of systems of financial control
- the preparation and maintenance of such accounts, certificates, estimates, records and reports as the Trust may require for the purpose of carrying out its statutory duties.

All Directors and employees, severally and collectively, are responsible for:

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

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

For any and all Directors and employees who carry out a financial function, the form in which financial records are kept and the manner in which Directors and employees discharge their duties must be to the satisfaction of the Chief Finance Officer.

AUDIT, FRAUD AND CORRUPTION

Audit Committee

In accordance with Standing Orders the Board shall formally establish an Audit Committee, with clearly defined terms of reference, which will provide an independent and objective view of internal control by:

- a) overseeing Internal and External Audit services
 - reviewing financial systems
 - monitoring compliance with Standing Orders and Standing Financial Instructions.
 - Where the Audit Committee feels 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 NHSE (to the Chief Finance Officer of the Trust in the first instance.)
 - It is the responsibility of the Chief Finance Officer to ensure an adequate internal audit service is provided. The Audit Committee shall be involved in the selection process when an internal audit service is changed.

Chief Finance Officer

The Chief Finance Officer 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 service is adequate and meets the NHS mandatory

- audit standards
- c) deciding at what stage to involve the police in cases of fraud, misappropriation, and other irregularities
- d) ensuring that a strategic audit plan is prepared for the consideration of the Audit Committee and the Board. The plan must contain:
 - details of audit coverage for the coming three years
 - details of the annual plan for the coming year.

The Chief Finance Officer and/or designated internal auditors are entitled without necessarily giving prior notice to require and receive:

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

Role of Internal Audit

The NHS Foundation Trust Accounting Officer Memorandum requires the Foundation Trust to have an internal audit function.

Internal Audit will review, appraise, and report upon:

- (a) the extent of compliance with, and the financial effect of, relevant established policies, plans, and procedures
- (b) the adequacy and application of financial and other related management controls
- (c) the suitability of financial and other related management data
- (d) the extent to which the Trust's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
 - fraud and other offences.
 - waste, extravagance, inefficient administration.
 - poor value for money or other causes.

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

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

The Head of Internal Audit shall be accountable to the Chief Finance Officer. The reporting system for internal audit shall be agreed between the Chief Finance Officer, the Audit Committee, and the Head of Internal Audit. Failure to take remedial action within a reasonable period shall be reported to the Audit Committee.

Where, in exceptional circumstances, the use of normal reporting channels is thought to limit the objectivity of the audit, the Head of Internal Audit shall have access to report direct to the Chair or a non-executive member of the Foundation Trust's Audit Committee.

External Audit

The Foundation Trust is to have an external auditor and is to provide the external auditor with every facility and all information which they may reasonably require.

The external auditor is appointed by the Council of Governors. The Audit Committee must ensure a cost-efficient service. Should there appear to be a problem, then this should be raised with the external auditor and referred on to the Council of Governors if the issue cannot be resolved.

The auditor may, with the approval of the Council of Governors, provide the Foundation Trust with services which are outside of the scope as defined in the code (additional services). The Foundation Trust shall adopt and implement a policy for considering and approving any additional services to be provided by the auditor.

The Trust must comply fully with the requirements of the NHS Act (2006) as set out in Schedule 10 in terms of the Auditor's right of access to documents and timely explanations and information from employees and Directors of the Trust.

Fraud and Corruption

In line with their responsibilities as set out in HSG (96)12, the Chief Executive and Chief Finance Officer shall monitor and ensure compliance with Secretary of State Directions on fraud and corruption.

The Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist (LCFS) as specified by the Department of Health and Social Care Fraud and Corruption Manual and guidance.

The Foundation Trust shall take all necessary steps to counter fraud and bribery in line with guidance and advice from the LCFS, the NHS Counter Fraud Authority and other relevant NHS guidance and best practice.

The Local Counter Fraud Specialist shall report to the Trust Chief Finance Officer and shall work with staff in the Counter Fraud and Security Management Services and the Regional Counter Fraud and Security Management Services in accordance with the Department of Health and Social Care Fraud and Corruption Manual.

The Local Counter Fraud Specialist will provide a written report, at least annually, on counter fraud work within the Trust.

All allegations of fraud and bribery will be reported and if necessary, investigated by the Local Counter Fraud Specialist. All accountable officers should also be aware of their obligation to pass any referrals onto the Local Counter Fraud Specialist at their earliest convenience.

The Audit Committee will receive the Local Counter Fraud Specialist report and will:

- a) Review the Local Counter Fraud Specialist programme, considering the major findings of investigations and responding accordingly.
- b) Ensure that policies/procedures for work related to fraud and corruption are

implemented where appropriate.

c) Enable the Local Counter Fraud Specialist to attend Audit Committee meetings. If any member of staff, aware of a breach of these SFIs, believes it is inappropriate to raise the matter with the Chief Finance Officer, the Trust's independent Anti-Fraud Specialist may be contacted. The contact details for the Local Anti-Fraud Specialist are included on the Trust intranet.

The MIAA Anti-Fraud team can also be contacted via their office:

Phone number: 0151 285 4552

Mersey Internal Audit Agency (MIAA), Ground Floor, Regatta Place, Summers Road, Brunswick Business Park, Liverpool, Merseyside, L3 4BL

BUSINESS PLANNING, BUDGETS, BUDGETARY CONTROL, AND MONITORING

Preparation and Approval of Business Plans and Budgets

The Chief Executive will compile and submit to the Board an Annual Business Plan which takes into account financial targets and forecast limits of available resources. The Annual Business Plan will contain:

- a) a statement of the significant assumptions on which the plan is based.
- b) details of major changes in workload, delivery of services or resources required to achieve the plan.

Prior to the start of the financial year the Chief Finance Officer will, on behalf of the Chief Executive, prepare and submit budgets for approval by the Board. Such budgets will:

- a) be in accordance with the aims and objectives set out in the Annual Business Plan
- b) accord with demand, workforce, and capacity plans.
- c) prepared in line with extant organisational structures.
- d) be produced following discussion with appropriate budget holders,
- e) be prepared within the limits of available funds,
- f) be based on reasonable and realistic assumptions, and
- g) identify potential risks.

The Chief Finance Officer shall monitor financial performance against budget and business plan, periodically review them, and report to the Board.

All budget holders must provide information as required by the Chief Finance Officer to enable budgets to be compiled.

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

Budgetary Delegation

The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:

- a) the amount of the budget
- b) the purpose(s) of each budget heading
- c) individual and group responsibilities
- d) authority to exercise virement
- e) achievement of planned levels of service, and
- f) the provision of regular reports.

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

Any budgeted funds not required for their designated purpose(s) revert to the Trust's reserves, subject to any authorised use of virement.

Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive.

Budgetary Control and Reporting

The Chief Finance Officer will devise and maintain systems of budgetary control. These will include:

- a) monthly financial reports to the Board in a form approved by the Board containing:
 - income and expenditure to date showing trends and forecast year-end position
 - Cash flow analysis
 - movements in working capital
 - capital projects spend and projected outturn against plan
 - explanations of any material variances from plan
 - details of any corrective action where necessary and the Chief Executive's and/or Chief Finance Officer's view of whether such actions are sufficient to correct the situation
- b) the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible
- c) investigation and reporting of variances from financial, workload and manpower budgets
- d) monitoring of management action to correct variances, and
- e) arrangements for the authorisation of budget transfers.

Each Budget Holder is responsible for ensuring that:

- a) any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Board

- b) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement, and
- c) no permanent employees are appointed without the approval of the Chief Executive other than those provided for in the budgeted establishment as approved by the Board
- d) that any proposal to increase revenue spending has an appropriate funding stream identified and that this has been agreed by the Chief Executive and signed off by the Chief Finance Officer.

The Chief Executive is responsible for identifying and implementing cost improvements and income generation initiatives in accordance with the requirements of the Annual Business Plan and a balanced budget.

Capital Expenditure

The general rules applying to delegation and reporting shall also apply to capital expenditure. (The applications relating to capital are contained in Section 12.)

Monitoring Returns

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

Sites Responsibilities and Authority to Act

The responsible officer for each site, as identified by the Chief Executive is responsible for ensuring compliance with the systems and process of budgetary control as set out by the Chief Finance officer and adherence to all relevant sections of the Trusts Standing Financial Instructions and Scheme of Delegation.

The responsible officer of each site will provide:

- a) monthly financial reports to relevant Committee's, Executive Led Groups or other forums as defined by the Chief Executive/ Chief Finance Officer in a form approved by the Chief Executive/Chief Finance Officer containing:
 - income and expenditure to date showing trends and forecast year-end position
 - capital projects spend and projected outturn against plan
 - explanations of any material variances from plan
 - details of any corrective action where necessary and the Chief Executive's and/or Chief Finance Officer's view of whether such actions are sufficient to correct the situation
- b) monitoring of management action to correct variances, and
- c) arrangements for the authorisation of budget transfers.

Within each site, budget holders are responsible for ensuring that:

- a) any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Site Responsible Officer

- a) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement, and
- b) no permanent employees are appointed without the approval of the Site Responsible Officer other than those provided for in the budgeted establishment as approved by the Board
- c) that any proposal to increase revenue spending has an appropriate funding stream identified and that this has been agreed by the Site Responsible Officer and signed off by the Site Finance Lead.

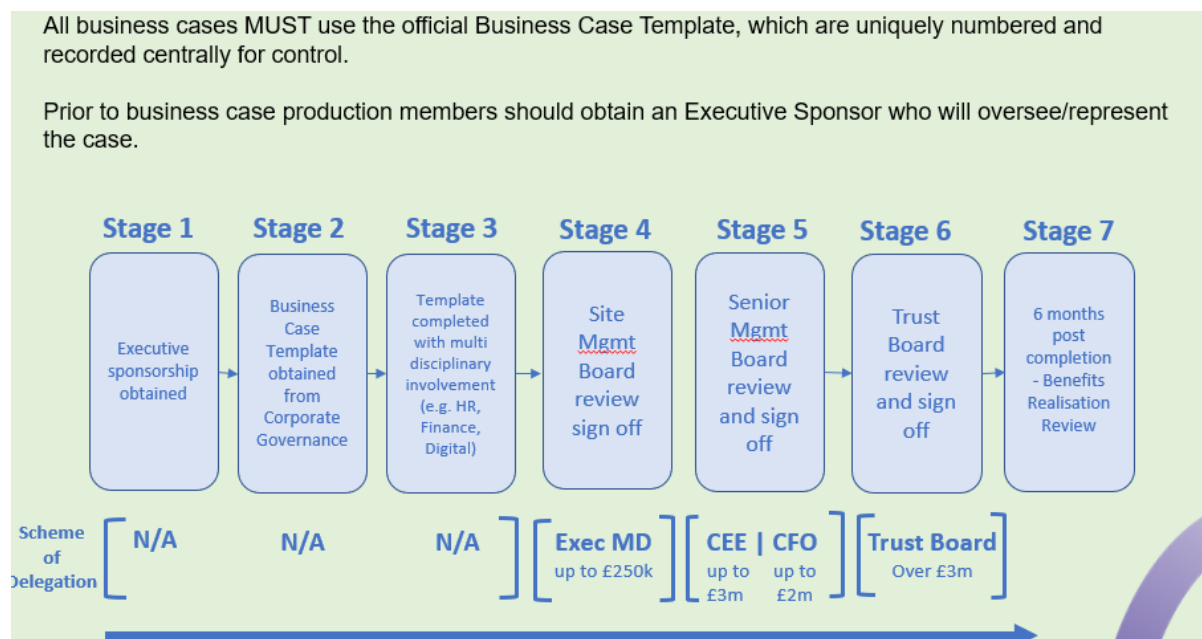
The Site Responsible Officer is responsible for identifying and implementing cost improvements and income generation initiatives in accordance with the requirements of the Annual Business Plan and a balanced budget.

Authority to Act

- a) sites/departments have full ownership, responsibility, and accountability for their approved budgets, including delivery of the cost improvement programme (CIP).
- b) within allocated budgets, sites/divisions have the authority to act without seeking financial approval, for:
 - virement of budgets within areas of control.
 - virement of budgets to other divisions if jointly agreed.
 - authorise any aspect of spend in the delivery of the organisational objectives.
 - adjust and amend headcount, skill mix and grades.
 - amend budgets in delivery of the CIP, subject to Quality Impact Assessments / Equality Impact Assessments and the trusts guide to CIP delivery.
 - develop Service Level Agreements with other organisations to deliver services to the trust.
 - SLAs for clinical services would be subject to any internal quality governance arrangements and external arrangements with commissioners; and
 - commit capital spend.
- c) sites/departments can develop SLAs to provide services for other providers providing the income stream covers the cost of delivery.
- d) outside allocated budgets, sites/divisions do not have the authority to act without seeking financial approval excepting:
 - in the case of an immediate safety/quality issue budget holders can commit non-recurrent temporary resources in pursuance of its resolution. Temporary spend should only be short-term whilst a permanent resolution to the issue is found. If the permanent solution requires additional revenue spending without a corresponding income stream, then the trusts business case process must be followed.
 - in all other circumstances, any increase in revenue or capital spending outside of allocated budgets, including CIP, then the trusts business case process must be followed.
 - The Site Executive Director can authorise and approve business cases, with the agreement of the Site Hospital Management Board (or equivalent forum) to the value of £250,000 as per the scheme of delegation.
- e) any proposal to increase revenue spending that has an appropriate funding stream identified is within the division's authority to act.
- f) the site/department management team can delegate budgetary responsibility through their leadership structure but retain the overall ownership and accountability for divisional financial performance.

BUSINESS CASE PROCESS

The following flow diagram reflects the stages that all sites/departments must follow in the preparation of a business case.



ANNUAL ACCOUNTS AND REPORTS

The Chief Finance Officer on behalf of the Trust, will:

- prepare financial returns in accordance with the accounting policies and guidance given by NHSE, the Trust's accounting policies, Department of Health and Social Care Group Accounting Manual (GAM), and generally accepted accounting practice.
- prepare and submit annual financial reports to NHSE certified in accordance with current guidelines, and
- submit financial returns NHSE for each financial year in accordance with the timetable prescribed by NHSE.

The Trust's audited annual accounts must be presented to a public meeting.

The Trust will publish an annual report, in accordance with guidelines on local accountability, and present it at a public meeting. The document will comply with NHSE's Annual Reporting Manual (ARM) and the GAM.

The Chief Executive shall be responsible for maintaining archives for all documents required to be retained under financial regulations.

BANK AND GOVERNMENT BANKING SERVICE (GBS) ACCOUNTS

General

The Chief Finance Officer is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of accounts.

The Chief Finance Officer is responsible for negotiating the Trust's banking contracts, establishing any associated mandates and naming personnel to be signatories for banking transactions.

No employee may open or hold a bank account in the name of the Trust or of its constituent hospitals/departments. Any employee aware of the existence of such an account shall report the matter to the Chief Finance Officer.

Bank and GBS Accounts

The Chief Finance Officer is responsible for:

- a) bank accounts and OPG accounts
- b) establishing separate bank accounts for the Trust's non-exchequer funds
- c) ensuring payments made from bank or GBS accounts do not exceed the amount credited to the account except where arrangements have been made
- d) reporting to the Board of any external borrowing requirements
- e) Reporting to the Board of Directors all arrangements made with the Foundation Trust's bankers for accounts to be overdrawn (together with the remedial action taken).
- f) ensuring that best value is obtained in securing loan finance and other sources of external funding, and
- g) ensuring that procedures are maintained that document all transaction processing relating to its bank accounts.

Tendering and Review

The Chief Finance Officer will review the commercial banking arrangements of the Trust at regular intervals to ensure they reflect best practice and represent best value for money.

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

Income Systems

The Chief Finance Officer is responsible for designing, maintaining, and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due.

The Chief Finance Officer is also responsible for the prompt banking of all monies received.

Fees and Charges

The Trust shall follow the Department of Health and Social Care's advice in the Payment by Results (PBR) guidelines in setting prices for NHS Service contracts.

The Chief Finance Officer is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health and Social Care or by Statute. Independent professional advice on matters of valuation may be taken as necessary.

Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered, the guidance in the Department of Health's 'Commercial sponsorship: Ethical standards in the NHS' shall be followed.

All employees must inform the Chief Finance Officer promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.

Debt Recovery

The Chief Finance Officer is responsible for the appropriate recovery action on all outstanding debts in accordance with the Trust's debt procedures.

Income not received should be dealt with in accordance with losses procedures.

Overpayments should be detected (or preferably prevented) and recovery initiated.

Security of Cash, Cheques, and other Negotiable Instruments

The Chief Finance Officer is responsible for:

- a) approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable
- b) ordering and securely controlling any such stationery
- c) the provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines, and
- d) prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust.

Official money shall not under any circumstances be used for the encashment of private cheques.

All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Chief Finance officer.

The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Trust is not to be held liable for any loss, and written indemnities must

be obtained from the organisation or individuals absolving the Trust from responsibility for any loss. Unofficial funds must not be deposited into Trust bank accounts, except under arrangements approved by the Chief Finance Officer.

In accordance with the Money Laundering legislation, the Trust is not registered with HM Revenue and Customs as a High Value Dealer and so may not accept cash payments for supplies or services in respect of any single transaction where the value is 10,000 euros (circa £9,000) or above.

Any loss or shortfall of cash, cheques, or other negotiable instruments, however occasioned, shall be monitored and recorded within the Finance Department. Any significant trends should be reported to the Chief Finance Officer and internal audit via the incident reporting system.

Where there is prima facie evidence of fraud or corruption, this should follow the form of the Foundation Trust's Fraud and Corruption Response Plan

Where there is no evidence of fraud or corruption, the loss should be dealt with in line with the Foundation Trust's Losses and Compensations Procedures

CONTRACTING FOR PROVISION OF SERVICES

The Board of Directors shall regularly review and shall at all times maintain and ensure the capacity and capability of the Foundation Trust to provide Commissioner Requested Services in accordance with the Trust's License.

The Chief Executive is responsible for negotiating contracts for the provision of services to patients in accordance with the Business Plan, and for establishing the arrangements for providing extra-contractual services. In carrying out these functions, the Chief Executive should take into account the advice of the Chief Finance Officer regarding:

- a) costing and pricing of services.
- b) payment terms and conditions.
- c) amendments to contracts and extra-contractual arrangements.

Contracts should be so devised as to minimise risk whilst maximising the Trust's opportunity to generate income. Contract prices should comply with "Costing for Contracting" guidelines.

The Chief Finance Officer shall produce regular reports detailing actual and forecast contract income with a detailed assessment of the impact of the variable elements of income.

TERMS OF SERVICE AND PAYMENT OF DIRECTORS AND EMPLOYEES

Remuneration and Terms of Service

In accordance with Standing Orders the Board shall establish a Remuneration Committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting.

The Committee will:

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

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

The Board will approve proposals for setting of remuneration and conditions of service for those employees not covered by the Committee.

The Trust will remunerate the Chair and Non-Executive Directors in accordance with instructions issued by NHSE/I.

Funded Establishment

The workforce plans incorporated within the annual budget will form the funded establishment. The establishment of the Foundation Trust will be identified and monitored by the Chief People Officer under delegation from the Chief Executive.

The funded establishment of any department may not be varied without the approval of the Chief Executive unless in accordance with establishment control procedures approved by the Board.

Staff Appointments

No director or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary basis, or hire agency staff, or agree to changes in any aspect of remuneration outside the limit of their approved budget and funded establishment unless authorised to do so by the Chief Executive.

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

Payroll

The Chief People Officer (in conjunction with the Chief Finance Officer) is responsible for:

- the final determination of pay, including the verification that the rate of pay and relevant conditions of service are in accordance with national and/or local agreements, the proper compilation of the payroll and for payments made.
- determining the dates on which the payment of salaries and wages are to be made, having regard to the general rule that it is undesirable to make payments in advance.

The Chief People Officer will issue instructions regarding:

- verification and documentation of data
- the timetable for receipt and preparation of payroll data and the payment of employees
- maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay.
- security and confidentiality of payroll information
- checks to be applied to completed payroll before and after payment
- authority to release payroll data under the provisions of the Data Protection Act
- methods of payment available to various categories of employee
- procedures for payment by cheque, bank credit, or cash to employees
- procedures for the recall of cheques and bank credits
- pay advances and their recovery
- maintenance of regular and independent reconciliation of pay control accounts
- separation of duties of preparing records and handling cash, and
- a system to ensure the recovery from leavers of sums of money and property due by them to the Trust.

Appropriately nominated managers have delegated responsibility for:

- submitting time records, and other notifications in accordance with agreed timetables
- completing time records and other notifications in accordance with the Chief Finance Officer and in the form prescribed by the Chief People Officer; and
- submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's resignation, termination, or retirement. Where an employee fails to report for duty in circumstances that suggest they have left without notice, the Chief People Officer must be informed immediately. In circumstances where fraud might be expected this must be reported to the Chief Finance Officer.

Regardless of the arrangements for providing the payroll service, the Chief Finance Officer 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.

Contracts of Employment

The Board shall delegate responsibility to an appropriate senior officer for:

- ensuring that all employees are issued with a Contract of Employment in a form approved by the Board, and which complies with employment legislation, and
- dealing with variations to, or termination of, contracts of employment.

NON-PAY EXPENDITURE

Delegation of Authority

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

Budget holders may appoint nominees who must be approved by the Chief Finance Officer. The Budget Holder remains responsible for the actions of nominees when they act in place of the Budget Holder. The approval of the relevant director is required for all budget adjustments within the Trust's financial plan. Board approval is required for changes which will impact upon delivery of the Trust's financial plan.

The Chief Executive will set out:

- the list of managers who are authorised to place requisitions for the supply of goods and services, and
- the maximum level of each requisition and the system for authorisation above that level and the process for raising and approving official orders by procurement and supplies, following receipt of an authorised requisition.
- The Chief Finance Officer and Chief Executive Officer shall set out procedures on the seeking of professional advice regarding the supply of goods and services. Contract terms and conditions used in contracts shall only be those approved by the Trust.

Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services

The Chief Finance Officer shall be responsible for establishing systems for ordering and receipting of goods that have been requisitioned.

The Chief Finance Officer will: Advise the Board regarding the thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds shall be incorporated in the Scheme of Delegation and regularly reviewed.

The requisitioner, in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the Trust. In so doing, the advice of the Associate

Director of Procurement shall be sought. Where this advice is not acceptable to the requisitioner, the Chief Finance Officer (and/or the Chief Executive) shall be consulted. Wherever possible a requisitioner shall use an approved framework supplier to order goods and services via catalogues.

The Chief Finance Officer shall be responsible for the prompt payment of accounts and claims. Payment of contract invoices shall be in accordance with contract terms, or otherwise, in accordance with national guidance.

The Chief Finance Officer will:

- a) be responsible for the prompt payment of all properly authorised accounts and claims
- b) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment. The system shall provide for:
 - a list of directors/employees authorised to certify invoices
 - certification that:
 - goods have been duly received, examined and are in accordance with specification and the prices are correct
 - work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct
 - in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined
 - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained
 - the account is arithmetically correct
 - VAT has been correctly accounted for with recovery being identified where appropriate,
 - the account is for payment.
 - instructions to employees regarding the handling and payment of accounts within the Finance Department.
 - be responsible for ensuring that payment for goods and services is only made once the goods and services are received (except as below).

Prepayments are only permitted where exceptional circumstances apply. In such instances:

- Prepayments are only permitted where the financial advantages outweigh the disadvantages.
- the appropriate Director must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the Trust if the supplier is at some time during the prepayment agreement unable to meet their commitments.
- the Chief Finance Officer will need to be satisfied with the proposed scheme before contractual arrangements proceed, and
- the budget holder is responsible for ensuring that all items due under a prepayment contract are received and he/she must immediately inform the appropriate Director or Chief Executive if problems are encountered.

Exceptions to the requirements of sections (i) and (ii):

- service and maintenance contracts which require payment when the contract commences.
- minor services such as training courses and conference bookings for individuals or magazine subscriptions.

Official Orders must:

- be consecutively numbered
- be in a form approved by the Chief Finance Officer
- state the Trust terms and conditions of trade, and
- only be issued to, and used by, those duly authorised by the Chief Executive.
- May be transmitted by a system of Electronic Data Interchange (EDI) approved by the Chief Finance Officer

Requisitions should not be split in such a way to circumvent any standing financial instruction, or the spending limits as defined by the Scheme of Delegation.

Managers must ensure that:

- no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Chief Finance Officer on behalf of the Chief Executive
- all goods, services, or works are ordered on an official order except works and services executed in accordance with an existing contract and purchases from petty cash
- verbal orders must only be issued very exceptionally - by an employee designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "Confirmation Order"
- orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds
- goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase
- changes to the list of directors/employees authorised to certify invoices are notified to the Chief Finance Officer
- purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Chief Finance Officer, and
- petty cash records are maintained in a form as determined by the Chief Finance Officer.
- before entering into contracts for the supply of goods and services or works contracts and especially overseas contracts, taxation advice (including where appropriate customs advice) shall be obtained from the finance team. Agreement of the Chief Financial Officer and where relevant the Director of Estates and Facilities shall be obtained before entering into any potentially novel or contentious arrangement with a supplier or contractor.
- All contracts (other than for simple purchases permitted within the Scheme of Delegation or delegated budget), leases, tenancy agreements and other commitments which may result in a liability extending beyond the current Annual Plan are notified to the Chief Finance Officer in advance of any commitment being made.
- Contracts and purchases above specified thresholds are advertised and awarded in accordance with Trust Procurement procedures and EU rules on public procurement.
- No order shall be issued for any item or items to any firm which has made an offer of

gifts, reward or benefit to Directors or employees, other than:

- Isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars.
- Conventional hospitality, such as lunches in the course of working visits.
- All proposed trials must be approved by the general manager, Divisions Governance Lead, Finance and Procurement. A purchase order must be raised to cover all trial stock to ensure traceability of the purchase of the goods even if the goods are supplied free of charge. All trials must be evaluated and documented to demonstrate the outcome. Procurement guidelines for trials must be followed before the trial equipment, goods or materials are delivered to the Trust.
- Where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by NHSI and the DHSC
- The Chief Executive and the Chief Finance Officer shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with current guidance.

Under no circumstances should goods be ordered through the Foundation Trust for personal or private use.

EXTERNAL BORROWING AND INVESTMENTS

External Borrowing

The Chief Finance Officer will advise the Board concerning the Trust's ability to pay interest on, and repay, any original debt and any proposed new borrowing, within the Prudential Borrowing limit set by NHSE. The Chief Finance Officer is also responsible for reporting periodically to the Board concerning all loans and overdrafts.

Any application for a loan or overdraft will only be made by the Chief Finance Officer or by an employee so delegated by him/her.

The Chief Finance Officer must prepare detailed procedural instructions concerning applications for loans and overdrafts.

All short-term borrowings should be kept to the minimum period of time possible, consistent with the overall cash flow position. Any short-term borrowing requirement in excess of one month must be authorised by the Chief Finance Officer.

All long-term borrowing must be consistent with the schemes outlined in the current Business Plan.

Investments

Temporary cash surpluses must be held only in such public or private sector investments as approved and authorised by the Trust Board and permitted by NHSE.

The Chief Finance Officer is responsible for advising the Board on investments and shall report periodically to the Board concerning the performance of investments held.

Investment decisions should be made in accordance with the Treasury Management Policy, including instructions on funding and investing, risk management, borrowing, controls, reporting and performance management. It will also incorporate guidance from NHS England as appropriate.

The Chief Finance Officer will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

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

Capital Investment

The Chief Executive:

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

For every major capital expenditure proposal (as defined in the Scheme of Delegation) the Chief Executive shall ensure:

- a) that a business case (in line with best practice) is produced setting out:
 - o an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs.
 - o appropriate project management and control arrangements
- b) that the Chief Finance Officer has certified professionally the costs and revenue consequences detailed in the business case.

For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of NHS England. The Chief Finance Officer shall issue procedures for the regular reporting of actual expenditure and commitment against authorised expenditure.

The approval of a capital programme shall not constitute approval for expenditure on any scheme.

The Chief Executive shall issue to the manager responsible for any scheme:

- a) specific authority to commit expenditure.
- b) authority to proceed to tender.
- c) approval to accept a successful tender.

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

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

Asset Registers

The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Chief Finance Officer concerning the form of any register and the method of updating.

The Trust will maintain an asset register recording fixed assets, including (but not limited to; purchase date, purchase price, useful economic life, asset class and asset location. The minimum data set to be held within these registers shall be as required under the NHS Group Accounting Manual.

Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:

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

Where capital assets are sold, scrapped, lost, or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).

The Chief Finance Officer shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.

The value of each asset shall be depreciated using methods and rates as specified in Trust's Accounting Policies.

Security of Assets

The overall control of fixed assets is the responsibility of the Chief Executive.

Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Chief Finance Officer. This procedure shall make provision for:

- a) recording managerial responsibility for each asset
- b) identification of additions and disposals
- c) identification of all repairs and maintenance expenses
- d) physical security of assets
- e) periodic verification of the existence of condition of, and title to, assets recorded
- f) identification and reporting of all costs associated with the retention of an asset, and
- g) reporting, recording and safekeeping of cash, cheques, and negotiable instruments.

The up-to-date maintenance and checking of assets shall be the responsibility of designated Budget Holders for all items for which the initial purchase or replacement is within their budgetary responsibilities. All discrepancies revealed by verification of physical assets to an asset register shall be notified to the Chief Finance Officer.

Whilst each employee has a responsibility for the security of property of the Trust, it is the responsibility of Directors and senior employees in all disciplines to apply appropriate routine security practices in relation to NHS property as determined by the Board. Any breach of agreed security practices must be reported in accordance with instructions.

Any damage to the Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by Directors and employees in accordance with the procedure for reporting losses.

Where practical, assets should be marked as Trust property.

Records shall also be maintained, and receipts obtained for: -

- a) equipment on loan to patients
- b) all contents of furnished lettings.

STORES AND RECEIPT OF GOODS

Stores, defined in terms of controlled stores and departmental stores (for immediate use) should be:

- a) kept to a minimum
- b) subjected to annual stocktake
- c) valued at the lower of cost and net realisable value.

Subject to the responsibility of the Chief Finance Officer for the systems of control, overall responsibility for the control of stores shall be delegated to an employee by the Chief Executive. The day-to-day responsibility may be delegated to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the Chief Finance Officer. The control of Pharmaceutical stocks shall be the responsibility of the Trust pharmacy lead, the control of fuel oil and other energy stocks the Trust estate and facilities lead.

The responsibility for security arrangements and the custody of keys for all stores and locations shall be clearly defined in writing by the designated manager. Wherever practicable, stocks should be marked as Trust property.

All stock records shall be in such form and shall comply with such systems of control as the Chief Finance Officer may require.

Stocktaking arrangements shall be agreed with the Chief Finance Officer and physical stock checks should be undertaken at least once a year, except in circumstances as determined by the Chief Finance Officer.

Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Chief Finance Officer.

The designated Managers for stock shall be responsible for a system approved by the Chief Finance Officer for:

- a) a review of slow moving and obsolete items.
- b) condemnation.
- c) Disposal and
- d) replacement of all unserviceable articles.

The designated Officer shall report to the Chief Finance Officer any evidence of:

- a) significant overstocking and
- b) negligence or malpractice (see also 15, Disposals and Condemnations, Losses and Special Payments).

Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

All goods received shall be checked as regards quantity and/or weight and inspected as to quality and specification. A delivery note shall be obtained from the supplier at the time of delivery and shall be signed by the person receiving the goods. Instructions shall be issued to staff covering the procedures to be adopted in those cases where a delivery note is not available.

For goods supplied via the main NHS logistical supplier, the Chief Executive shall identify those authorised to requisition and accept goods from the store. The authorised person shall check receipt against the delivery note before forwarding this to the Chief Finance Officer.

DISPOSALS AND CONDEMNATIONS, LOSSES, AND SPECIAL PAYMENTS

Disposals and Condemnations

The Chief Finance Officer must prepare detailed procedures for the disposal of assets including condemnations and ensure that these are notified to managers.

When it is decided to dispose of a Trust asset, the head of department or authorised deputy will determine and advise the Chief Finance Officer of the estimated market value of the item, taking account of professional advice where appropriate. The highest possible disposal value will be realised, taking into account potential risks and reputational impacts.

Where it is proposed to dispose or sell an asset that may impact on the delivery of a protected service, then prior authorisation is required from NHSE.

All unserviceable articles shall be:

- a) condemned or otherwise disposed of by an employee authorised for that purpose by the Chief Finance Officer
- b) recorded by the Condemning Officer in a form approved by the Chief Finance Officer which will indicate whether the articles are to be converted, destroyed, or otherwise disposed of. All entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the Chief Finance Officer.
- c) The Condemning Officer shall satisfy himself as to whether or not there is evidence of negligence in use and shall report any such evidence to the Chief Finance Officer who will take the appropriate action.

Losses and Special Payments

The Chief Finance Officer must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments. The Chief Finance Officer must also prepare a 'fraud response plan' that sets out the action to be taken both by persons detecting a suspected fraud and those persons responsible for investigating it.

Any employee discovering or suspecting a loss of any kind must follow the following steps;

Either

- a) immediately inform their head of department
- b) head of department must immediately inform the Chief Executive and the Chief Finance Officer

Or

- c) inform an officer charged with responsibility for responding to concerns involving loss or fraud confidentially.
- d) this officer will then appropriately inform the Chief Finance Officer and/or Chief Executive.
- e) where a criminal offence is suspected, the Chief Finance Officer must immediately inform the police if theft or arson is involved.
- f) if the case involves suspicion of fraud, then the particular circumstances of the case will determine the stage at which the police are notified.

The Chief Finance Officer must report all frauds in accordance with the provisions of the Trust's Counter Fraud and Corruption Policy and Response Plan.

For losses apparently caused by theft, fraud, arson, neglect of duty or gross carelessness, except if trivial and where fraud is not suspected, the Chief Finance Officer must immediately notify the Board.

Officers delegated to write off losses and make special payments are set out in the Scheme of Delegation. The Board should be informed of all losses written off and special payments authorised by officers under their powers.

The Chief Finance Officer shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.

For any loss, the Chief Finance Officer should consider whether any insurance claim can be made.

The Chief Finance Officer shall maintain a Losses and Special Payments Register in which write-off action is recorded.

Compensation Claims

The Trust is committed to effective and timely investigation and response to any claim which includes allegations of clinical negligence, employee and other compensation claims. The Trust will follow the requirements and note the recommendations of the Department of Health and Social Care, and NHS Resolution in the management of claims. Where appropriate external insurance has been contracted, this will be within the above-mentioned requirements and recommendations. Every member of staff is expected to co-operate fully, as required, in assessment and management of each claim.

The Foundation Trust will seek to reduce the incidence and adverse impact of clinical negligence, employee and other litigation by:

- a) Adopting prudent risk management strategies including continuous review
- b) Implementing in full the NHS Complaints Procedure, thus providing an alternative remedy for some potential litigants
- c) Adopting a systematic approach to claims handling in line with the best current and cost effective practice
- d) Following guidance issued by the NHS Resolution relating to clinical negligence
- e) Complying fully with the requirements of NHS Resolution's maternity incentive scheme
- f) Achieving compliance with the relevant core Care Quality Commission standards
- g) Implementing an effective system of clinical governance

The Chief Nurse in association with the Medical Director is responsible for clinical negligence, for managing the claims process and informing the Board of Directors of any major developments on claims related issues.

INFORMATION TECHNOLOGY

The Chief Finance Officer, who is responsible for the accuracy and security of the computerised financial data of the Trust, shall:

- a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Trust's data, programs, and computer hardware, for which he/she is responsible, from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft, or damage, having due regard for the Data Protection Act 1998 (updated 2000) and the Computer Misuse Act 1990
- b) ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission, and output to ensure security, privacy, accuracy, completeness, and
- c) timeliness of the data, as well as the efficient and effective operation of the system
- d) ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment
- e) Ensure that adequate controls exist to maintain the security, privacy, accuracy and completeness of financial data sent via transmission networks
- f) ensure that an adequate management (audit) trail exists through the computerised

system and that such computer audit reviews as he/she may consider necessary are being carried out.

The Chief Finance Officer shall satisfy him/herself 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 will be obtained from them prior to implementation.

In the case of computer systems which are proposed General Applications (i.e. normally those applications which the majority of Authorities/Trusts in the Region wish to sponsor jointly) all responsible directors and employees will send to the Chief Finance Officer:

- a) details of the outline design of the system
- b) in the case of packages acquired either from a commercial organisation, from the NHS, or from another public sector organisation, the operational requirement.

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

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

Where computer systems have an impact on corporate financial systems the Chief Finance Officer shall satisfy themselves that:

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

PATIENTS' PROPERTY

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

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

- a) notices and information booklets
- b) hospital admission documentation and property records
- c) the oral advice of administrative and nursing staff responsible for admissions

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

The Chief Finance Officer must provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of the cash and valuables element of patients' property (including instructions on the disposal of the property of deceased patients and of patients transferred to other premises) for all staff whose duty is to administer, in any way, the property of patients. Due care should be exercised in the management of a patient's money in order to maximise the benefits to the patient.

In all cases where property of a deceased patient is of a total value in excess of £5,000 (or such other amount as may be prescribed by any amendment to the Administration of Estates, Small Payments, Act 1965), the production of Probate or Letters of Administration shall be required before any of the property is released. Where the total value of property is £5,000 or less, forms of indemnity shall be obtained.

Staff should be informed, on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.

CHARITABLE FUNDS

Introduction

Standing Orders (SOs) identify the Trust's responsibilities as a corporate trustee for the management of charitable funds and define how those responsibilities are to be discharged. They explain that although the management processes may overlap with those of the organisation of the Trust, the trustee responsibilities must be discharged separately, and full recognition given to the accountabilities to the Charity Commission.

Charitable Funds are those gifts, donations and endowments made under the relevant charities legislation and held on trust for purposes relating to the Trust and the objectives of which are for the benefit of the NHS in England. They are administered by the Foundation Trust Board of Directors acting through the Charitable Funds Committee.

The Executive Lead for the Liverpool Heart and Chest's Charity is the Executive Managing Director for Liverpool Heart and Chest Hospital. The day-to-day financial management of the Charity is under the LHCH Director of Finance.

Most of the sections of these Standing Financial Instructions will apply to the management of funds held on trust. Where there is any doubt, advice must be sought from the Executive Managing Director for LHCH, the LHCH Director of Finance or the Chief Finance Officer or their delegated officers.

The over-riding principle is that the integrity of each trust must be maintained, and statutory and trust obligations met. Materiality must be assessed separately from the Trust activities and funds.

Existing Charitable Funds

The Chief Finance Officer shall arrange for the administration of all existing funds via the Site Director of Finance. A “Deed of Establishment” must exist for every fund and detailed codes of procedure shall be produced covering every aspect of the financial management of charitable funds, for the guidance of directors and fund managers.

The Deed of Establishment shall identify the restricted nature of certain funds, and it is the responsibility of fund managers, within their delegated authority, and the Charitable Funds Committee, to ensure that funds are utilised in accordance with the terms of the Deed.

The LHCH Director of Finance shall periodically review, on behalf of the Chief Finance Officer, the funds in existence and shall make recommendations to the Charitable Funds Committee regarding the potential for rationalisation of such funds within statutory guidelines.

The Chief Finance Officer shall ensure that all funds are currently registered with the Charities Commission in accordance with the Charities Act 1993 or subsequent legislation.

New Charitable Funds

The LHCH Director of Finance, on behalf of the Chief Finance Officer, shall recommend the creation of a new fund where funds and/or other assets, received for charitable purposes, cannot adequately be managed as part of an existing fund. All new restricted funds must be covered by a Deed of Establishment and must be formally approved by the Charitable Funds Committee.

The Deed of Establishment for any new restricted fund shall clearly identify, inter alia, the objects of the new fund, the nominated fund manager, the estimated annual income and, where applicable, the Charitable Funds Committee’s power to assign the residue of the fund to another fund contingent upon certain conditions e.g. discharge of original objects.

The Charitable Funds Committee, in conjunction with the Executive Managing Director for LHCH, the LHCH Director of Finance or the Chief Finance Officer, may also create designated funds, where funds and/or other assets have been received for charitable purposes, but with no legal restriction or trust placed on these funds. Designated funds may be created where funds and/or other assets have been received with an expression of a desire, wish, or hope by the donor that funds would be spent in a certain way. These funds do not need to be registered with the Charity Commission.

Sources of New Funds

All gifts accepted shall be received and held in the name of the Charity and administered in accordance with the Charity’s gift acceptance policy, subject to the terms of specific funds. As the Charity can accept gifts only for all or any purposes relating to the NHS, officers shall, in cases of doubt, consult the Chief Finance Officer before accepting any gift. Advice to the Board of Directors on the financial implications of fund-raising activities by outside bodies or

organisations shall be given by the LHCH Director of Finance on behalf of the Chief Finance Officer.

All gifts, donations and proceeds of fund-raising activities which are intended for the Trust's use, should be handed immediately to the LHCH Director of Finance via the Finance Department to be banked directly to the Charitable Funds Bank Account.

In respect of Donations, the Chief Finance Officer shall:

- a) provide guidelines to staff via the Charitable Funds policies as to how to proceed when offered funds in accordance with the Gift Acceptance Policy.

These will include: -

- a) the identification of the donor's intentions.
- b) where possible, the avoidance of creating excessive numbers of funds.
- c) the avoidance of impossible, undesirable, or administratively difficult objects.
- d) sources of immediate further advice; and
- e) treatment of offers for personal gifts.
- f) provide secure and appropriate receipting arrangements which will indicate that donations have been accepted directly into the appropriate fund and that the donor's intentions have been noted and accepted.

In respect of Legacies and Bequests, the LHCH Director of Finance and the Chief Finance Officer shall be kept informed of and record all enquiries regarding legacies and bequests.

Where required, the LHCH Director of Finance shall:

- a) provide advice covering any approach regarding:
- b) the wording of wills.
- c) the receipt of funds/other assets from executors.
- d) where necessary, obtain grant of probate, or make application for grant of letters of administration.
- e) be empowered to negotiate arrangements regarding the administration of a will with executors and to discharge them from their duty; and
- f) be directly responsible, in conjunction with the Charitable Funds Committee, for the appropriate treatment of all legacies and bequests.

In respect of fund-raising, the final approval for any fund-raising scheme will be given by the Charitable Funds Committee. The LHCH Director of Finance on behalf of the Chief Finance Officer shall:

- a) advise the Trust on the financial implications of any proposal for fund-raising activities.
- b) deal with all arrangements for fund-raising by and/or on behalf of the Trust and ensure compliance with all statutes and regulations.
- c) be empowered to liaise with other organisations/persons raising funds for the Trust and provide them with an adequate discharge.
- d) be responsible for alerting the Charitable Funds Committee and the Board to any irregularities regarding the use of the Trust's name or its registration numbers; and
- e) be responsible for the appropriate treatment of all funds received from this source.

In respect of Trading Income, the LHCH Director of Finance on behalf of the Chief Finance Officer shall:

- a) be primarily responsible, along with designated fund managers, for any trading undertaken by the Trust as corporate trustee; and
- b) be primarily responsible for the appropriate treatment of all funds received from this source.
- c) In respect of Investment Income, the LHCH Director of Finance on behalf of the Chief Finance Officer shall be responsible for the appropriate treatment of all dividends, interest, and other receipts from this source (see below).

Investment Management

The Charitable Funds Committee shall be responsible for all aspects of the management of the investment of charitable funds as delegated under the terms of the approved investment policy. The issues on which the LHCH Director of Finance shall be required to provide advice to the Charitable Funds Investment Committee shall include:

- a) the formulation of investment policy which meets statutory requirements and Department of Health and Social Care guidance with regard to income generation and the enhancement of capital value; and which complies with any restrictions on investment choice contained within any relevant charitable deeds.
- b) the appointment of advisers, brokers and, where appropriate, investment fund managers and: -
- c) the LHCH Director of Finance shall recommend the terms of such appointments; and for which written agreements shall be signed by the Executive Managing Director for LHCH.
- d) pooling of investment resources and the preparation of a submission to the Charity Commission for them to make a scheme.
- e) the participation by the Trust in common investment funds and the agreement of terms of entry and withdrawal from such funds.
- f) that the use of assets shall be appropriately authorised in writing and charges raised within policy guidelines.
- g) the review of the performance of brokers and fund managers.
- h) the reporting of investment performance.

Expenditure from Charitable Funds

Expenditure from the Trust's Charitable Funds shall be managed by the Charitable Funds Committee in accordance with delegated authority of the Corporate Trustee. In so doing the Panel shall be aware of the following:

- a) the objects of various funds and the designated objectives.
- b) the availability of liquid funds within each trust or designated fund.
- c) the powers of delegation available to commit resources.
- d) the avoidance of the use of exchequer funds to discharge endowment fund liabilities (except where administratively unavoidable), and to ensure that any indebtedness to the Exchequer shall be discharged by trust funds at the earliest possible time.
- e) that funds are to be spent rather than preserved, subject to the wishes of the donor and the needs of the Trust; and
- f) the definitions of "charitable purposes" as agreed by the Department of Health and

Social Care with the Charity Commission.

Applications for expenditure from Charitable Funds will be in accordance with specific processes set out by the Charitable Funds Committee, with authorisation limits set out in the Scheme of Delegation. Expenditure must also comply with section 10, non-pay expenditure and section 22, tendering and contract procedures within these SFIs.

Banking Services

The LHCH Director of Finance on behalf of the Chief Finance Officer shall advise the Charitable Funds Committee and, with its approval, shall ensure that appropriate banking services are available in respect of administering the Trust's Charitable Funds. These bank accounts should permit the separate identification of liquid funds to each trust where this is deemed necessary by the Charity Commission.

Asset Management

Assets in the ownership of or used by the Trust as corporate trustee, shall be maintained along with the general estate and inventory of assets of the Trust. The LHCH Director of Finance on behalf of the Chief Finance Officer shall ensure:

- a) in conjunction with the Head of Financial Services, that appropriate records of all donated assets owned by the Trust are maintained, and that all assets, at agreed valuations are brought to account.
- b) that appropriate measures are taken to protect and/or to replace assets. These to include decisions regarding insurance, inventory control, and the reporting of losses.
- c) that donated assets received on trust rather than into the ownership of the Secretary of State shall be accounted for appropriately.
- d) that all assets acquired from Charitable Funds which are intended to be retained within the funds are appropriately accounted for, and that all other assets are brought to account in the name of the Secretary of State.

Reporting

The LHCH

Director of Finance shall ensure that regular reports are made to the Charitable Funds Committee and Board regarding, inter alia, the receipt of funds, investments and expenditure.

The LHCH Director of Finance shall prepare the annual report and accounts in the required manner which shall be reviewed by the Charitable Funds Committee and submitted to the Board for approval within agreed timescales.

Following Board approval, the LHCH Director of Finance on behalf of the Chief Finance Officer shall prepare the required annual returns and accounts submissions to the Charity Commission in accordance with the statutory deadline.

Accounting and Audit

The Charitable Funds Committee, with advice from the LHCH Director of Finance, the Chief Finance Officer, and Charity Commission guidance, shall determine whether the charitable funds should be subject to an external audit or independent examination.

The Charitable Funds Committee will appoint the external auditor or independent examiner.

The LHCH Director of Finance will agree the annual fee and sign the engagement letter with the appointed firm on behalf of the Committee.

The LHCH Director of Finance shall maintain all financial records to enable the production of reports as above, and to the satisfaction of auditors/examiners.

Distribution of investment income to the charitable funds and the recovery of administration costs shall be performed on a basis determined by the LHCH Director of Finance.

The LHCH Director of Finance shall ensure that the records, accounts, and returns receive scrutiny by internal audit as part of their rolling audit programme. Internal Audit reports on the charitable funds will be reported to the Charitable Funds Committee.

The Charitable Funds Committee and subsequently the Board of Directors shall be advised by the LHCH Director of Finance or the Chief Finance Officer on the outcome of the annual audit/independent examination.

Taxation and excise duty

The LHCH Director of Finance on behalf of the Chief Finance Officer shall ensure that the Charity's liability to taxation and excise duty is managed appropriately, taking full advantage of available concessions, through the maintenance of appropriate records, the preparation and submission of the required returns and the recovery of deductions at source.

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.

RETENTION OF RECORDS

The Chief Executive shall be responsible for maintaining archives for all records, information and data required to be retained in accordance with NHS England and Improvement / Department of Health and Social Care guidelines. The delegated responsibility for holding and safekeeping of contracts, in secure storage where applicable, shall be as follows:

Document	Held by
Property Deeds	Director of Estates & Capital Development
Building & Engineering Contracts	Director of Estates & Capital Development
Estate Maintenance Contracts	Head of Operational Estate Maintenance
Maintenance Contracts	Associate Director of Procurement
Clinical Contracts	Director of Contracting
Contracts for goods and services other than the above	Associate Director of Procurement

The managers noted in the table above will also be responsible for maintaining registers of the contracts held by them. Any other contracts not covered by the above which may be held by other Managers must be reported to the Associate Director of Corporate Affairs for a register to be maintained.

The records held in archives shall be capable of retrieval by authorised persons.

Records and information held in accordance with latest NHS England Improvement / Department of Health and Social Care guidance shall only be destroyed before the specified guidance limits at the express authority of the Chief Executive or Chief Finance Officer. Proper details shall be maintained of records and information so destroyed.

<https://digital.nhs.uk/data-and-information/looking-after-information/data-security-and-information-governance/codes-of-practice-for-handling-information-in-health-and-care/records-management-code-of-practice-for-health-and-social-care-2016>

INSURANCE ARRANGEMENTS

The Chief Finance Officer shall ensure that appropriate insurance arrangements exist in accordance with Department of Health guidance. This will include NHS Resolution and in some instance's commercial insurance.

STANDARDS OF BUSINESS CONDUCT

The Chief Executive shall ensure that all staff, volunteers, and any other person associated with the activities of the Trust are made aware of, and comply with, the Trust's Business Conduct Policy. This policy details the conduct and behaviour expected of individuals with regard to:

- Interests (financial or otherwise) in any matter affecting the Trust and the provision of services to patients, public and other stakeholders.
- Conduct by an individual in a position to influence purchases.
- Employment and business which may conflict with the interests of the Trust.

- d) Relationships and loyalties which may conflict with the interests of the Trust.
- e) Hospitality and gifts and other benefits in kind such as sponsorship.

Declarations relating to the above must be made to the Associate Director of Corporate Affairs for inclusion in the Register of Interests.

The Bribery Act 2010 reforms the criminal law of bribery, making it easier to tackle this offence proactively in the public and private sectors. It introduces a corporate offence which means that organisations are exposed to criminal liability, punishable by an unlimited fine, for negligently failing to prevent bribery. In addition, the Act allows for a maximum penalty of 10 years' imprisonment for offences committed by individuals.

Under the Bribery Act 2010 it is a criminal offence to:

- a) Bribe another person by offering, promising, or giving a financial or other advantage to induce them to perform improperly a relevant function or activity, or as a reward for already having done so.
- b) Be bribed by another person by requesting, agreeing to receive, or accepting a financial or other advantage with the intention that a relevant function or activity would then be performed improperly, or as a reward for having already done so.

These offences can be committed directly or by and through a third person and, in many cases, it does not matter whether the person knows or believes that the performance of the function or activity is improper. It is, therefore, extremely important that staff adhere to this and other related policies (specifically, Anti-fraud, Bribery and Corruption, Business Conduct and Whistle Blowing policies, available via the intranet).

The action of all staff must not give rise to, or foster the suspicion that they have been, or may have been, influenced by a gift or consideration to show favour or disadvantage to any person or organisation. Staff must not allow their judgement or integrity to be compromised in fact or by reasonable implication.

Staff should not be afraid to report genuine suspicions of fraud, bribery or corruption and should report all suspicions to the Local Counter Fraud Specialist (LCFS) who is responsible for tackling any concerns. Alternatively, suspicions can be reported via the NHS Counter Fraud Authority reporting line (0800 028 40 60) or via the NHS Counter Fraud Authority website www.cfa.nhs.uk/reportfraud.

TENDERING AND CONTRACT PROCEDURES

Duty to comply with SFIs - The procedure for making all contracts by or on behalf of the Trust shall comply with these Standing Orders (except where SO 4.13, Suspension of SOs is applied).

Public Procurement – All Public sector contracts for the provision of goods, services (non-healthcare) and works are to be carried out in line with the requirements of the Procurement Act (PA23) and where procuring Healthcare related services the Provider Selection Regime (PSR)

The Trust shall comply as far as is practicable with the requirements of the Department of Health and Social Care “Capital Investment Manual” and “Estate code” in respect of capital investment and estate and property transactions. In the case of management consultancy contracts, the Trust shall comply as far as is practicable with Department of Health and Social Care guidance “The Procurement and Management of Consultants within the NHS”.

Formal Competitive Tendering - The Trust shall ensure that competitive tenders are invited for the supply of goods, materials and manufactured articles and for the rendering of services including all forms of management consultancy services (other than specialised services sought from or provided by the Department of Health and Social Care); for the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens); and for disposals. Where the Trust elects to invite tenders for the supply of healthcare, these SOs shall apply as far as they are applicable to the tendering procedure. The contract value should be calculated by aggregating the estimated total annual value of the goods, service or works and multiplying this by the number of years that the contract is to run.

Formal tendering procedures may be waived by officers to whom powers have been delegated by the Chief Executive without reference to the Chief Executive where:

- a) The estimated expenditure or income does not or is not reasonably expected to exceed the levels set out in the Scheme of Delegation.
- b) Where the supply is proposed under special arrangements negotiated by the DHSC in which event the said special arrangements must be complied with; or
- c) The timescale genuinely precludes competitive tendering. Failure to plan the work properly is not a justification for single tender; or
- d) Specialist expertise is required and is available from only one source: or
- e) The task is essential to complete the project and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate; or
- f) There is a clear benefit to be gained from maintaining continuity with an earlier project. However, in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering; or
- g) The requirement is ordered under existing contracts; or
- h) The goods or materials to be supplied consist of repairs to parts for existing equipment or extensions thereto which, for practical reasons, must be from the same manufacturer; or
- i) Were provided for in the Capital Investment Manual.

The limited application of the single tender rules should not be used to avoid competition or for administrative convenience or to award further work to a consultant originally appointed through a competitive procedure.

Where it is decided that competitive tendering is not applicable and should be waived the reasons should be documented and reported by the Chief Finance Officer to the Audit Committee in a formal meeting. Supporting documentation should be retained and made available to those involved in the approval process to accompany the waiver application form at all stages. Applications should be returned to the originator if no supporting documentation is received.

Except where Scheme of Delegation 10.4, or a requirement under SO 10.3, applies, the Board shall ensure that delegated arrangements are in place so that invitations to tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and normally not less than three firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.

Tendering procedures are set out in Annex I.

Quotations - Quotations are required where formal tendering procedures are waived under Scheme of Delegation 10.4 and where the intended expenditure or income exceeds, or is reasonably expected to exceed, the limit set out in the Scheme of Delegation.

Where quotations are required, they should be obtained from at least three firms/individuals based on specifications or terms of reference prepared by, or on behalf of, the Board.

Quotations should be in writing unless the Chief Executive or their nominated officer determines that it is impractical to do so in which case quotations may be obtained by telephone. Written confirmation of a telephone quotation should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record.

All quotations should be treated as confidential and should be retained for inspection.

The Chief Executive's nominated officer should evaluate the quotations and select the one which gives the best value for money. If this is not the lowest, then this fact and the reasons why the lowest quotation was not chosen should be in a permanent record.

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

- a) The supply of goods/services of a special character for which it is not, in the opinion of the Chief Executive or their nominated officer, possible or desirable to obtain competitive quotations.
- b) The goods/services are required urgently and are not obtainable under existing contracts.
- c) Miscellaneous services, supplies and disposals within financial limits determined by the Trust.

Where Tendering or Competitive Quotation is not required - The Trust may make purchases against any existing national contract for the provision of goods and services as negotiated by the NHS Business Services Authority unless the Chief Executive or nominated officer deem it inappropriate. The decision to use alternative sources must be documented. Where tenders or quotations are not required, because expenditure is below that contained within the Scheme of Delegation, the Trust shall procure goods and services in accordance with procurement procedures approved by the Trust.

The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided under contract or in-house. The Board of Directors may also determine from time to time that in-house services should be market tested by competitive tendering.

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

- a) The Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.
- b) The proposal must be specifically agreed by the Trust in the light of such professional advice as should reasonably be sought in particular with regard to vires.
- c) The selection of a contractor/finance company must be on the basis of competitive tendering or quotations.

Contracts - The Trust may only enter into contracts within its statutory powers and shall comply with:

- a) These Standing Orders.
- b) The Trust's SFIs.
- c) Public Procurement requirements and other statutory provisions.
- d) Any relevant guidance including the Capital Investment Manual, Estate code and guidance on the Procurement and Management of Consultants.
- e) Such of the NHS Standard Contract Conditions as are applicable.

Where appropriate contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited.

In all contracts made by the Trust, the Board of Directors shall endeavour to obtain best value for money. The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Trust.

Personnel and Agency or Temporary Staff Contracts - The Chief Executive shall nominate officers with delegated authority to enter into contracts for the employment of other officers, to authorise regrading of staff, and enter into contracts for the employment of agency staff or temporary staff.

Healthcare Services Contracts - The Board of Directors will approve standard terms and conditions for legally binding contracts, on the basis of which the Trust will provide healthcare services. Any variations to the standard terms and conditions will be approved in accordance with the Scheme of Delegation. The Chief Executive will nominate officers with powers for negotiating contracts for the provision of services to patients. In carrying out these functions the advice of the Chief Finance Officer regarding costing and pricing of services, payment terms and conditions and amendments to service agreements shall be taken into account.

The Chief Finance Officer shall ensure that a summary of the Trust's healthcare services contracts is reported annually to the Board of Directors. The Chief Finance Officer shall also produce regular reports detailing actual and forecast contract income with a detailed assessment of the impact of the variable elements of income.

Cancellation of Contracts - Except where specific provision is made in model Forms of Contracts or Standard Schedules of Conditions approved for use within the NHS and in accordance with UK Directives governing Public Procurement, every written contract shall

include a clause empowering the Trust to cancel the contract and to recover from the contractor the amount of any loss resulting from such cancellation.

- a) If the contractor shall have offered, or given or agreed to give, any person any gift or consideration of any kind as an inducement or reward in relation to the obtaining or execution of the contract or any other contract with the Trust, or for showing or forbearing to show favour or disfavour to any person in relation to the contracts or any other contract with the Trust, or
- b) If the like acts shall have been done by any person employed by them or acting on their behalf (whether with or without the knowledge of the contractor), or
- c) If in relation to any contract with the Trust, the contractor or any person employed by them or acting on their behalf shall have committed any offence under the prevention of Corruption Acts 1889 - 1916 and other appropriate legislation.

Determination of Contracts for Failure to Deliver Goods or Materials - There shall be inserted into every written contract for the supply of goods or materials a clause to secure that, should the contractor fail to deliver the goods or materials or any portion thereof within the time or times specified in the contract, the Trust may, without prejudice, determine the contract either wholly or to the extent of such default and purchase other goods, or material of similar description to make good:

- a) Such default, or
- b) In the event of the contract being wholly determined the goods or materials remaining to be delivered.

The clause shall further secure that the amount by which the cost of so purchasing other goods or materials exceeds the amount which would have been payable to the contractor in respect of the goods or materials shall be recoverable from the contractor.

Contracts Involving Funds Held on Trust - Such contracts involving charitable funds shall comply with the requirements of the Charities Acts.

DISPOSALS

Competitive Tendering or Quotation procedures shall not apply to the disposal of:

- a) Any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the Chief Executive or their nominated officer.
- b) Obsolete or condemned articles and stores, which may be disposed of in accordance with the Trust's policy.
- c) Items to be disposed of with an estimated sale value as detailed in the Scheme of Delegation.
- d) Items arising from works of construction, demolition, or site clearance, which should be dealt with in accordance with the relevant contract.
- e) Land or buildings concerning which Department of Health and Social Care guidance has been issued but subject to compliance with such guidance.

Disposals are subject to the restrictions on disposal of protected property as set out in the Provider Licence issued by NHSE.

ANNEX I

TENDERING PROCEDURE

Invitation to Tender

All invitations to tender on a competitive basis shall state that no tender will be accepted unless submitted in either:

- a) a plain, sealed package bearing a pre-printed label supplied by the Trust (or the word "tender" followed by the subject to which it relates and the latest date and time for the receipt of such tender) or
- b) in a special envelope supplied by the Trust to prospective tenderers and that tender envelopes/packages shall not bear any names or marks indicating the sender or
- c) electronically via the Trust stated Tender Management System.

Every invitation to tender shall state a date and time by which tenders shall be received.

Every tender for goods, materials, services, or disposals shall embody such of the NHS Standard Contract Conditions as are applicable.

Contractors must be warned against engaging in corrupt practices and must comply with the conditions of the –Bribery Act 2010.

Every tender for building and engineering works shall embody the appropriate form of contract modified and amplified to accord with current Department of Health guidance and, in minor respects, to cover special features of individual projects. Tendering based on other forms of contract may be used with the approval of the Chief Executive.

Receipt and Safe Custody of Tenders

The Chief Executive shall designate a person not from the originating department to be responsible for the receipt, endorsement, and safe custody of tenders received until the time appointed for their opening.

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

All tenders shall be addressed to the Chief Executive and shall remain in their custody or in the custody of another person duly authorised by them, until the time appointed for their opening.

All e-tenders received online are stored securely until the duly authorised representative has 'opened' the tender.

Opening of Tenders

The Chief Executive is responsible for ensuring adequate arrangements for the opening of tenders. As soon as practicable after the date and time stated as being the latest time for the

receipt of tenders, they shall be opened in the presence of two persons who are not from the originating department and who are selected from a panel authorised by the Chief Executive.

Tenders will be opened at a time arranged by the person responsible.

Every tender received shall be marked with the date of opening and initialled by those present at the opening. The Tender Management system electronically stores this information.

A record shall be maintained to show for each set of competitive tender invitations dispatched: -

- a) the names of all firms invited.
- b) the names of and numbers of firms from which tenders have been received.
- c) the date the tenders were opened.
- d) the persons present at the opening and their signatures.

Where an e-tender has been received, the Tender Management system records the details of the person who opened the tender including date, time, and IP address.

Any tender which is received after the date and time by which tenders should be received but before the time arranged at 3.2 shall be opened at the same time and under the same controls as set out in 3.3 and 3.4 and an appropriate note made on the tender record. e-Tenders submitted after the closing date/time are clearly flagged as late, the option remains open to declare late tenders as void without opening them.

Except as in 3.7 below, a record shall be maintained of all price alterations on tenders, i.e. where a price has apparently been altered, the final price shown shall be recorded. The record shall be initialled by those present at the opening.

A report shall be made in the record if on any one tender price alterations are so numerous as to render 3.6 unreasonable.

Records required to be maintained by these procedures shall be held in the custody of a person designated by the Chief Executive and shall be open to inspection by any Director of the Trust.

Admissibility of Tenders

The Chief Executive is responsible for ensuring adequate arrangements for procedures relating to the admissibility of tenders.

If the number of tenders is insufficient to provide adequate competition the Chief Executive or the persons authorised for the purpose within the limits specified in the Scheme of Delegation shall determine how best to proceed, bearing in mind current Department of Health and Social Care guidance.

Technically late tenders (i.e. those dispatched in good time but delayed through no fault of the tenderer) may be regarded as having arrived in due time.

Tenders received after the due date and time may be considered only if the Chief Executive or the persons authorised for the purpose within the financial limits specified in the Scheme of Delegation decides that there are exceptional circumstances, e.g. where marked financial, technical or delivery advantages would accrue and he/she is satisfied that there is no reason to doubt the bona fides of the tenderer concerned.

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/her own initiative either orally or in writing after the due time for receipt) should be dealt with in the same way as late tenders.

Necessary discussion with a tenderer of the contents of his/her tender, in order to elucidate technical or other points before the award of a contract, shall not disqualify the tender.

While decisions to the admissibility of late, incomplete, or amended tenders are under consideration or while re-tenders are being obtained, the tender documents shall be kept strictly confidential.

Acceptance of Tenders and Quotations

Where only one tender or quotation is sought and received the Chief Executive, or the persons authorised for the purpose within the limits specified in the Scheme of Delegation shall as far as is practicable ensure that the price to be paid is fair and reasonable.

Where a number of tenders sufficient to provide adequate competition have been requested then the lowest tender, or the highest if payment is to be received by the Trust, shall be accepted unless the Chief Executive or the persons authorised for the purpose within the limits specified in the Scheme of Delegation deems that there are good and sufficient reasons to the contrary; such reasons shall be set out in a permanent record maintained by the Chief Executive.

Negotiations after the receipt of tenders and before the letting of a contract to the lowest acceptable tenderer with a view to obtaining a reduction in price and/or an improvement in terms and conditions may only take place with the written permission of the Chief Executive in circumstances which do not put other tenderers at a disadvantage or affect adversely their confidence or trust in the competitive tendering/quotation system. Such post tender negotiation will always take place in the presence of the Chief Executive, or his nominee not drawn from the originating department and detailed records of revised tenders, confirmed in writing, shall be maintained on a form agreed by the Chief Executive. Post tender negotiation may only be used in the following circumstances where:

- a) the original lowest acceptable tender (or tenders where it was intended to place more than one contract) may be unacceptably high and without varying the specification the tenderer may, after negotiation, agree to reduce his offer price and/or improve his/her terms and conditions.
- b) the tender may be for a number of items and whilst one offer may be the lowest overall, negotiation on individual items might give rise to further savings.
- c) the lowest tender exceeds the budgetary provision, or the target price arrived at by purchase price analysis or is based on an alternative specification or contract terms

and post tender negotiation would enable an assessment of the scope for savings. This is not permissible where the alternative specification or contract terms differ significantly from the original. When this is the case, all tenderers must be given equal opportunity to re-tender on a competitive basis.

- d) where the final bid evaluation does not present overwhelming evidence for one particular supplier.
- e) where some doubt may exist as to quality and/or performance or where terms and conditions need clarification and mutual agreement.

Tenders for building and engineering works/goods/services of maintenance and repair may be accepted in accordance with limits specified in the Scheme of Delegation.

Lists of Approved Firms

The Trust shall ensure that firms/individuals invited to tender (and where appropriate, quote) are among those on approved framework agreements. Where in the opinion of an Executive Director it is desirable to seek tenders from firms not on an approved framework, then publication of the tender/quote will be issued and invitations accepted from outside framework agreements, subject to approved supplier selection criteria.

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

Building and Engineering Construction Works - Invitations to tender shall be made only to firms included on the approved list of tenderers compiled in accordance with this Instruction or on the separate maintenance lists compiled in accordance with NHS guidance.

Firms included on the approved list of tenderers shall ensure that when engaging, training, promoting or dismissing employees or in any conditions of employment, shall not discriminate against any person because of colour, race, ethnic or national origins, religion or sex, and will comply with the provisions of the Equal Pay Act 1970, the Sex Discrimination Act 1975, the Race Relations Act 1976, the Race Relations Amendment Act 2000 and the Disability Discrimination Act 2005 and any amending and/or related legislation.

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

Financial Standing and Technical Competence of Contractors - The Chief Finance Officer may make or institute any enquiries he deems appropriate concerning the financial standing and financial suitability of approved contractors. The Directors with lead responsibility for estates and facilities and for clinical governance will similarly make such enquiries as is felt appropriate to be satisfied as to their technical/medical competence.

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

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

Standing Financial Instructions Summary

1. Introduction <ul style="list-style-type: none"> SFIs detail the financial responsibilities, policies and procedures to be adopted by the Trust They apply to everyone working for the Trust 	2. Audit, Fraud and Corruption <ul style="list-style-type: none"> The Audit Committee is responsible for overseeing internal and external audit, financial systems and compliance with the SOs and SFIs The CFO is responsible for ensuring adequate internal audit provision The Trust has an independent Anti-Fraud Specialist, from the Mersey Internal Audit Agency (MIAA) 	3. Business Planning, Budgets, Budgetary Control and Monitoring <ul style="list-style-type: none"> The Chief Executive submits an Annual Business Plan to the Board, supported by budgets produced by the CFO Budget management is delegated by the Chief Executive to Budget Holders, who are responsible for ensuring this budget is managed as planned 	4. Annual Accounts and Reports <ul style="list-style-type: none"> The Trust must prepare regular financial returns to NHSE/I, which are the responsibility of the Director of Finance The Trust must also publish audited annual accounts and annual report, which must be presented to a public meeting
5. Bank and Government Banking Service (GBS) Accounts <ul style="list-style-type: none"> The CFO is responsible for managing the Trust's banking arrangements No employee may open or hold a bank account in the name of the Trust Separate accounts must be maintained for non-exchequer funds 	6. Income, Fees and Charges and Security of Cash, Cheques and Other Negotiable Instruments <ul style="list-style-type: none"> Prices for NHS Service contracts should follow Payment by Results (PBR) guidelines Cash payments of over £9,000 cannot be accepted The CFO is responsible for: <ul style="list-style-type: none"> Ensuring appropriate recovery action for debts Providing adequate systems for handling cash 	7. Contracting for Provision of Services <ul style="list-style-type: none"> The Chief Executive is responsible for negotiating contracts for the provision of services to patients in accordance with the Business Plan The CFO shall produce regular reports detailing actual and forecast contract income 	8. Terms of Service and Payment of Directors and Employees <ul style="list-style-type: none"> Executive pay is advised to the Board by the Remuneration Committee. Other pay is determined by national rates Appointments can only be made within the Funded Establishment included in the Business Plan / Annual Budget All employees should be issued a contract of employment
9. Non-Pay Expenditure <ul style="list-style-type: none"> The Board approves the overall level of non-pay expenditure on an annual basis Delegated limits for requisitioning, ordering and payment are included in the Scheme of Delegation 	10. External Borrowing and Investments <ul style="list-style-type: none"> Long term borrowing must be consistent with scheme outlined in the Business Plan Short term borrowing should be kept to a minimum and authorised by the Director of Finance if in excess of 1 month Temporary cash surpluses must be held in investments approved by the Board and permitted by NHSE/I The CFO advises the Board on performance of investments 	11. Capital Investment, Private Financing, Fixed Asset Registers and Security of Assets <ul style="list-style-type: none"> Delegated limits for capital expenditure are included in the Scheme of Delegation Asset Registers are maintained recording details of fixed assets Asset control procedures exist in order to ensure assets are not damaged or misappropriated 	12. Stores and Receipt of Goods <ul style="list-style-type: none"> Stocks typically include: pharmaceutical, fuel and medical consumables Stores should be kept to a minimum and are subject to an annual stock take Authorised persons shall check receipt of goods against the delivery note before forwarding this to Finance
13. Disposals and Condemnations, Losses and Special Payments <ul style="list-style-type: none"> Disposals of Trust assets must realise the highest possible proceeds Authorisation from NHSE/I is required if disposals would impact on service delivery for protected services Any losses should be reported in line with the steps outlined in the SFIs 	14. Information Technology <ul style="list-style-type: none"> The CFO is responsible for the accuracy and security of the computerised financial data of the Trust 	15. Patients' Property <ul style="list-style-type: none"> The Trust will not accept responsibility or liability for patients' property unless handed in for safe custody (written details of procedures should be issued to staff who administer property) Property of a deceased patient with a total value of £5,000 can only be released upon production of Probate or Letter of Administration 	16. Charitable Funds <ul style="list-style-type: none"> Donations received by the Trust should be cashed via the Cash Office into the Charitable Funds Bank Account Expenditure of Charitable Funds should follow the procedures as set out by the Charitable Funds Committee The CFO is responsible for preparing annual accounts and trustees' report, which should be audited
17. Hosting Arrangements <ul style="list-style-type: none"> 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 SFIs, policies and procedures 	18. Retention of Records <ul style="list-style-type: none"> The delegated responsibilities for safeguarding of: property deeds, building contracts, maintenance contracts, clinical contracts and any other contracts are detailed in the SFIs All records and data required to be retained by NHSE/I should be done so with reference to DHSC guidelines 	19. Insurance Arrangements <ul style="list-style-type: none"> The CFO shall ensure that appropriate insurance arrangements exist in accordance with DHSC guidance. This will be a mixture of NHS Resolution and in some instances commercial insurance. 	20. Standards of Business Conduct <ul style="list-style-type: none"> The Business Conduct Policy details the conduct of individuals with regard to: <ul style="list-style-type: none"> Interests in matters affecting the Trust Conduct by persons in a position to influence purchases Employment which result in a conflict of interest Hospitality, gifts and other benefits
21. Tendering and Contract Procedures <ul style="list-style-type: none"> The process and limits for expenditure requiring quotations, competitive tendering or EU public procurement are detailed in the Scheme of Delegation 	21. Tendering and Contract Procedures <p>The process and limits for expenditure requiring quotations, competitive tendering or EU public procurement are detailed in the Scheme of Delegation</p>	22. Disposals <ul style="list-style-type: none"> Disposals are subject to restrictions on disposal of protected property as set out in the Provider Licence Proposed disposals should refer to the further details set out in section 13 	

CUSTODY OF SEAL AND SEALING OF DOCUMENTS

Custody of Seal - The Common Seal of the Trust shall be kept by the Chief Executive or the Chief Corporate Affairs Officer/Company Secretary in a secure place.

Sealing of Documents - The Common Seal of the Trust shall not be fixed to any document unless the sealing has been authorised by a resolution of the Trust or of a committee thereof or where the Trust has delegated its powers.

The Common Seal shall be fixed in the presence of the Chair, or any other Non- Executive Director duly authorised by him, and the Chief Executive, or any other Executive Director duly authorised by him, and shall be attested by them.

Register of Sealing - An entry of every sealing shall be made and numbered consecutively in a register provided for that purpose and shall be signed by the persons who shall have approved and authorised the document and those who attested the seal. The register shall contain details of the seal number, the description of the document and date of sealing.

SIGNATURE OF DOCUMENTS

Where the signature of any document is required to initiate or defend legal proceedings involving the Trust, it shall be signed by the Chief Executive, unless any enactment otherwise requires or authorises, or the Board shall have given the necessary authority to some other person for the purpose of such proceedings.

The Chief Executive or nominated officers shall be authorised by the Board, to sign on behalf of the Trust any agreement or other document (not required to be executed as a deed) the subject matter of which has been approved by the Board or committee or sub-committee to which the Board has delegated appropriate authority.