

# STANDING FINANCIAL INSTRUCTIONS

## Procedure

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## 1 INTRODUCTION

- 1.1 The **SOMERSET NHS FOUNDATION TRUST** (the “Trust”) became a Public Benefit Corporation on 1 May 2008 following approval by the Independent Regulator of NHS Foundation Trusts (the office now known as NHS England (NHSE)) pursuant to the National Health Service Act 2006 (the “2006 Act”).
- 1.2 The principal place of business of the Trust is at the Trust Headquarters at Yeovil District Hospital, Higher Kingston, Yeovil, Somerset, BA21 4AT.
- 1.3 These Standing Financial Instructions (SFIs) are issued for the regulation of the conduct of its members and officers in relation to all financial matters with which they are concerned. They shall have effect, as if incorporated in the Standing Orders (SOs) of the Foundation Trust’s Board of Directors (note that SOs are a statutory requirement for Foundation Trusts (FTs) but SFIs are not termed as such, although an equivalent set of rules is required by NHSE, which this document represents).
- 1.4 The NHS Oversight Framework details how NHSE oversees and supports all NHS Trusts. Additional financial guidance is included in National Audit Office – Code of Audit Practice, NHS Foundation Trust Annual Reporting Manual and the Department of Health and Social Care (DHSC) Group Accounting Manual (GAM), all as updated, replaced or superseded from time to time. Other relevant guidance may also be issued.
- 1.5 These SFIs detail the financial responsibilities, policies and procedures to be adopted by the Trust. They are designed to ensure that the Trust’s financial transactions are carried out in accordance with the law, Regulatory Framework and Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Scheme of Decisions Reserved to the Board and the Scheme of Delegation adopted by the Trust.
- 1.6 The Trust has a number of wholly and partially owned corporate entities. These corporate entities are separate, distinct legal entities for commercial purposes and have distinct taxation, regulatory and liability obligations. As separate, independent corporate entities, they are subject to their own governance arrangements, which are the responsibility of the relevant entity’s management structure, and therefore these Standing Financial Instructions are not applicable. For avoidance of doubt, any matter reserved to the Trust in relation to such corporate entities will be treated as an item of the Trust and will be considered in accordance with these Standing Financial Instructions. The Group expects that wholly and partially owned corporate entities will maintain adequate governance arrangements to at least an equivalent

standard as those maintained by the Trust. **All financial procedures must be approved by the Chief Finance Officer** or nominated authorised deputy.

- 1.7 Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of the Chief Finance Officer or nominated authorised deputy **MUST BE SOUGHT BEFORE ANY ACTION IS TAKEN**. The user of these SFIs should also be familiar with and comply with the provisions of the Trust's Standing Orders (SOs), as contained in the Constitution.
- 1.8 Failure to comply with these SFIs may be regarded as a disciplinary matter that could result in dismissal from employment with the Trust.
- 1.9 **Overriding Standing Financial Instructions**  
If 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 meeting of the Audit Committee for referring action or ratification. All members of the Board and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Chief Finance Officer as soon as possible.

## **2 TERMINOLOGY**

- 2.1 Save as otherwise permitted by law, at any meeting of the Board of Directors the Chairman shall be the final authority on the interpretation of Standing Financial Instructions (on which the Chairman should be advised by the Chief Executive or Chief Finance Officer). The Chairman's decision shall be final and binding except in the case of manifest error.
- 2.2 Any expression to which a meaning is given in the Health Service Acts or in the Financial Directions made under the Acts, shall have the same meaning in these instructions:

**"Accounting Officer"**

means the officer responsible for discharging the functions specified in paragraph 25(5) of Schedule 7 to the 2006 Act. For this Trust it shall be the Chief Executive.

**"Audit Committee"**

means the Audit Committee established in accordance with the Constitution and SFI 4.1.

**"Auditor"**

means the auditor as appointed by the Council of Governors in accordance with the Constitution.

**"Board of Directors"**

means the board of directors as constituted in accordance with the Constitution.

**"Budget"**

means a resource, expressed in financial terms, proposed by the Board of Directors for the purpose of carrying out, for a specific period, any or all of the functions of the Trust.

**"Budget Holder"**

means the Director or officer with delegated authority to manage finances (Income and Expenditure) for a specific area of the organisation.

**"Chairman"**

means the person appointed in accordance with the Constitution to ensure that the Board of Directors and Council of Governors successfully discharge their overall responsibilities for the Trust as a whole. The expression "Chairman" shall be deemed to include the Deputy Chairman and any other Non-Executive Director appointed if the Chairman is absent from the meeting and is otherwise unavailable.

**"Chief Executive"**

means the Chief Executive of the Trust appointed in accordance with the Constitution.

**"Constitution"**

means the Constitution of the Trust as approved by the Council of Governors and the Board.

**"Council of Governors"**

means the Council of Governors as constituted in accordance with the Constitution, which has the same meaning as the Board of Governors in Paragraph 7 to Schedule 7 of the 2006 Act.

**"Executive Director"**

means a Member of the Board appointed as an Executive Director in accordance with the Constitution.

**"Executive Team"**

means a group of Executive Directors.

**"Chief Finance Officer"**

means the Chief Finance Officer of the Trust appointed in accordance with the Constitution.

**“Finance Committee”**

means the Finance Committee established by the Board.

**“Financial Limits”**

means the financial limits set out in the Appendix to the Scheme of Delegation.

**“Funds held on Trust”**

means those funds which the Trust holds on its date of incorporation, receives on distribution by statutory instrument or chooses subsequently to accept under powers derived under S.40 of the NHS Act 2006, as amended. Such funds may or may not be charitable.

**“Group”**

means the Group Somerset NHS Foundation Trust including wholly and partially owned corporate entities.

**“Internal Audit”**

means the function described in SFI 4.3.

**“Licence”**

means the NHS Provider Licence issued by NHSE in accordance with section 100 of the Health and Social Care Act 2022.

**“Local Counter Fraud Manager (LCFM)”**

means the person appointed by the Trust pursuant to SFI 4.4.3 to carry out the responsibility set out in the NHS Standard contract, service condition 24.1, 24.2, as amended from time to time.

**“Member of the Board”**

means an Executive Director or Non-Executive Director (including for the avoidance of doubt the Chairman) or both, as the context requires.

**“NHS England (NHSE)”**

means the Independent Regulator of NHS Foundation Trusts established under section 31 and Schedule 8 of the 2006 Act, as amended by the Health and Care Act 2022.

**“Nominated officer”**

means an officer charged with the responsibility for discharging specific tasks within SOs and SFIs.

**“Non-Executive Director”**

means a Member of the Board appointed as a Non-Executive Director in accordance with the Constitution.

**“Officer”**

means an officer of the Trust or any other staff member or person holding a paid appointment or office with the Trust or an agent/third party working on behalf of the Trust.

**“Regulatory Framework”**

means the 2006 Act, as amended by the Health and Social Care Act 2022, the Constitution and the NHS Provider Licence as issued by NHSE.

**“Scheme of Delegation”**

means both the document containing the Reservation of Powers to the Board of Directors and the Scheme of Delegation for the Trust. "SFIs" means these Standing Financial Instructions.

**"SOs"**

means the Standing Orders of the Board of Directors.

**"Tendering Procedure"**

means the procedure set out at Section 10 in the Standing Orders for the Board of Directors.

**"Trust"**

means the Somerset NHS Foundation Trust.

### **3 RESPONSIBILITIES AND DELEGATION**

#### **3.1 The Board of Directors**

3.1.1 The Board of Directors exercises financial supervision and control by:

- formulating the financial strategy;
- requiring the submission and approval of budgets within approved allocations/overall income;
- defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money); and
- defining specific responsibilities placed on the Board of Directors and officers as indicated in the Scheme of Delegation containing the powers of delegation and reservation as the Trust has established.

3.1.2 The Board of Directors has resolved that certain powers and decisions may only be exercised by the Board of Directors in formal session.

These are set out in the Reservation of Powers to the Board in the Scheme of Delegation.

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

### **3.2 The Chief Executive and Chief Finance Officer**

- 3.2.1 Within these SFIs, it is acknowledged that the Chief Executive is ultimately accountable to the Board of Directors and as Accounting Officer, to the Secretary of State for Health and Social Care, for ensuring that the Board meets its obligation to perform its functions within the available financial resources. The Chief Executive has overall executive responsibility for the Trust's activities; is responsible to the Chair and the Board for ensuring that its financial obligations and targets are met and has overall responsibility for the Trust's system of internal control.
- 3.2.2 The Chief Executive and Chief Finance Officer will, as far as possible, delegate their detailed responsibilities but they remain accountable for financial control.
- 3.2.3 It is a duty of the Chief Executive to ensure that existing Directors and Officers and all new appointees are notified of and understand their responsibilities within these SFIs.

### **3.3 The Chief Finance Officer**

- 3.3.1 The Chief Finance Officer is responsible for:
- these SFIs and for keeping them up to date;
  - implementing the Trust's financial policies and for coordinating any corrective action necessary to further these policies;
  - 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; and
  - ensuring that sufficient records are maintained to show and explain the Trust's transactions, in order to disclose with reasonable accuracy, the financial position of the Trust at any time; and without prejudice to any other functions of the Directors and officers to the Trust. The duties of the Chief Finance Officer include:

- i) the provision of financial advice to the Trust, other Board of Directors and officers;
- ii) the design, implementation and supervision of systems of internal financial control; and
- iii) 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.

3.3.2 In the event of absence of the Chief Finance Officer, the Deputy Chief Finance Officer will temporarily be delegated the authorisation limits outlined within this document.

### **3.4 Board of Directors and Officers**

3.4.1 All members of the Board of Directors and officers, severally and collectively, are responsible for:

- the security of the property of the Trust;
- avoiding financial loss;
- exercising economy and efficiency in the use of resources and value for money; and
- conforming to the requirements of Standing Orders, Standing Financial Instructions, relevant financial procedures and the Scheme of Delegation.

### **3.5 Contractors and their officers**

3.5.1 Any contractor or, officer 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 SFIs. It is the responsibility of the Chief Executive to ensure that such persons are made aware of this.

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

## **4 AUDIT**

### **4.1 Audit Committee**

4.1.1 In accordance with the Constitution and Standing Orders, the Board of Directors shall formally establish an Audit Committee; with clearly defined terms of reference and in accordance with guidance in the FT

Code of Governance issued by Monitor in 2014, the Audit Code for NHS Foundation Trusts (2007) and any other relevant directions and guidance issued by NHSE or any other relevant body, which will provide an independent objective view of internal control by:

- overseeing Internal and External Audit services;
- reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgements;
- reviewing the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the Trust's activities (both clinical and non-clinical), that supports the achievement of the Trust's objectives;
- monitoring compliance with Standing Orders and Standing Financial Instructions;
- reviewing schedules of losses and special payments and making recommendations to the Board of Directors;
- reviewing the information prepared to support the controls assurance statements prepared on behalf of the Board of Directors and advising the Board of Directors accordingly; and
- Reviewing reports to gain assurance that sufficient control and management mechanisms are in place in relation to counter-fraud, bribery and corruption. This will include providing assurance to the Board.

4.1.2 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 Audit Committee wishes to raise, the chairman of the Audit Committee should raise the matter at a full meeting of the Board of Directors (to the Chief Finance Officer in the first instance). Exceptionally the matter may need to be referred to NHS England (NHSE).

4.1.3 It is the responsibility of the Chief Finance Officer to ensure that an adequate internal audit service is provided, and the Audit Committee shall be involved in the selection process when an internal audit service provider is changed.

## **4.2 Chief Finance Officer**

4.2.1 The Chief Finance Officer is responsible for:

- ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective internal audit function;
- ensuring that the internal audit is adequate and meets NHSE's mandatory audit standards;
- ensuring that there is an adequate provision of strategic management of all counter fraud, bribery and corruption work within the organisation and providing assurance to the executive board in relation to the quality and effectiveness of the work undertaken. This includes that ensuring that the NHS Counter Fraud Authorities Standards for Provider are met;
- deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud, bribery or corruption; authorising a report to the police and liaising with NHSE as appropriate;
- ensuring that an annual internal audit report is prepared for the consideration of the Audit Committee and the Board of Directors; and
- ensuring that an annual counter fraud statement of assurance is prepared for consideration by the Audit Committee.

#### 4.2.2 The report must cover:

- a clear opinion on the effectiveness of internal control in accordance with current controls assurance guidance issued by NHSE including for example compliance with control criteria and standards;
- major internal financial control weaknesses discovered;
- progress on the implementation of internal audit recommendations;
- progress against plan over the previous year;
- strategic audit plan covering the coming three years; and
- a detailed plan for the coming year.

#### 4.2.3 The Chief Finance Officer or designated auditor is 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 held by the Board of Directors or officers of the Trust; and
- the production of any cash, stores or other property of the Trust under a Member of the Board's or officer's control; and explanations concerning any matter under investigation.

### **4.3 Role of Internal Audit**

#### **4.3.1 Internal audit will review, appraise and report upon:**

- the extent of compliance with, and the financial effect of relevant established policies, plans and procedures;
- the adequacy and application of financial and other related management controls;
- the suitability of financial and other related management data;
- the extent to which the Trust's assets and interests are accounted for and safeguarded from loss of any kind, arising from waste, extravagance, inefficient administration; and poor value for money and other causes;
- the adequacy of follow-up actions by the Trust to internal audit reports;
- any investigations/project work agreed with and under terms of reference laid down by the Chief Finance Officer;
- the Trust's Annual Governance Statement and Assurance Framework; and
- the Trusts' compliance with the Care Quality Commission's fundamental standards.

**4.3.2** 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. In the case of alleged or suspected fraud, bribery and corruption, the LCFM must be notified.

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

4.3.4 The Head of Internal Audit shall be accountable to the Chief Executive. The reporting system for internal audit shall be agreed between the Chief Finance Officer, the Audit Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the Audit Code for NHS Foundation Trusts and NHS Foundation Trust Annual Reporting Manual and the NHS Foundation Trust Accounting Officer Memorandum. The reporting system shall be reviewed at least every three years.

#### **4.4 Fraud and Corruption**

4.4.1 In line with their responsibilities, the Chief Executive and Chief Finance Officer shall ensure compliance with the NHS Standard Contract, Service Condition 24 which places the following responsibilities on NHS Providers:

- requires that the Trust to put in place and maintain appropriate counter fraud arrangements;
- requires that the Trust protect NHS resources against bribery and corruption and take action to comply with NHS Counter Fraud Authority functional standards;
- report any suspected cases of fraud, bribery or corruption to the LCFM and/or the NHSCFA s appropriate; and
- allow access to any property, staff, premises or information for the purpose of investigating and detecting fraud, bribery or corruption within five operational days.

4.4.2 The Trust is committed to ensuring that NHS resources are appropriately protected and the Chief Finance Officer is responsible for providing strategic management for all counter fraud, bribery and corruption activity. This includes the provision of assurance to the Board in relation to the quality and effectiveness of the work undertaken.

4.4.3 The Trust has a nominated and accredited LCFM who reports directly to the Chief Finance Officer. The LCFM undertakes the full range of counter fraud, bribery and corruption work including both proactive and reactive activity.

4.4.4 The Trust's non-executive Directors or lay members and board/governing level senior management are accountable for gaining assurances that there are sufficient controls and management mechanisms in relation to fraud, bribery and corruption.

4.4.5 Any officer suspecting fraud, bribery or corruption concern/risk which may result in an actual or potential risk of any financial loss to the organisation

must report these concerns immediately to the Chief Finance Officer, LCFM; 01935 384106 / 07867 526312 or the NHSCFA 0800 028 4060 (24 hours) or <https://cfa.nhs.uk/reportfraud>.

4.4.6 The Trust is committed to pursuing and/or supporting NHS Counter Fraud Authority in pursuing the full range of available services (criminal, civil and disciplinary) against those found to have committed fraud and/or bribery.

#### **4.5 Security Management**

4.5.1 The Chief Executive has overall responsibility for the safety and security of officers, patients and visitors of the Trust, as part of the Trust's role as an employer and healthcare provider and for safeguarding Trust's premises and keeping them secure.

4.5.2 The Trust shall nominate a suitable person to carry out the duties of the Local Security Management Specialist (LSMS).

4.5.3 The LSMS shall be afforded the opportunity to attend Audit Committee meetings and other meetings of the Board, or its committees, as required.

#### **4.6 External Audit**

4.6.1 The Auditor is appointed in accordance with the Constitution by the Trust, subject to approval by the Council of Governors, and paid for by the Trust.

4.6.2 The Audit Committee must ensure a cost-effective service is provided and agree audit work-plans, except statutory requirements. The External Auditor must ensure that this service fulfils the functions and audit access and information requirements, as specified in Schedule 10 of the NHS Act 2006.

4.6.3 The Trust shall comply with the Audit Code and shall require the External Auditor to comply with the Audit Code.

#### **4.7 Senior Information Risk Owner**

4.7.1 The Board shall nominate an Executive Director to be responsible to the Board for information risk management (the Senior Information Risk Owner).

4.7.2 The role of the Senior Information Risk Owner is defined in the Information Governance toolkit and is summarised in the Trust's Information Governance Policy as a Board level post. The Senior Information Risk Owner is the leading advocate for information risk to

the Board, advising how risks may impact the strategic vision of the Trust.

## **5 ALLOCATIONS, BUSINESS PLANNING, BUDGETS, BUDGETARY CONTROL AND MONITORING**

### **5.1 Preparation and approval of business plans and budgets:**

5.1.1 The Chief Executive will compile and submit to the Board of Directors an annual business plan which takes into account financial targets and forecast limits of available resources. The annual business plan will contain a statement of the significant assumptions on which the plan is based and details of major changes in workload, delivery of services or resources required to achieve the plan.

5.1.2 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 of Directors. Such budgets will be in accordance with the aims and objectives set out in the Trust's Annual Business Plan, and will:

- accord with workload and manpower plans;
- be produced following discussion with appropriate budget holders; and
- be prepared within the limits of available funds and identify potential risks.

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

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

5.1.5 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.

### **5.2 Budgetary delegation**

5.2.1 The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities including pooled budget arrangements under section 75 of the NHS Act 2006.

5.2.2 This delegation must be in writing and be accompanied by a clear definition of:

- the amount of the budget;
- the purpose(s) of each budget heading;
- individual and group responsibilities;
- authority to exercise virement;
- achievement of planned levels of service; and
- the provision of regular reports.

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

5.2.4 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Executive, subject to any authorised use of virement.

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

### **5.3 Budgetary control and reporting**

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

- 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;
- movements in working capital;
- movements in cash;
- capital project spend and projected outturn;
- explanations of any material variances from plan;
- details of any corrective action where necessary and the Chief Executive's and/or the Chief Finance Officer's views of whether such actions are sufficient to correct the situation;
- the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible; and
- Investigation and reporting of variances from budgets. These reports will be monitored by the Finance Committee who will report to the Board on matters arising from their review.

### **5.4 Budget holder responsibility:**

5.4.1 Each budget holder is responsible for ensuring:

- Any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Board of Directors.
- 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 as set out in the Scheme of Delegation.
- No permanent officers are appointed outside of the agreed funded establishment without prior approval from the Executive Team.
- 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.

## **5.5 Capital expenditure**

- 5.5.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. (The particular applications relating to capital are contained in SFI 15).

## **5.6 Monitoring Returns**

- 5.6.1 The Chief Executive is responsible for ensuring that the appropriate monitoring forms are submitted to NHSE and any other requisite monitoring organisation.

## **6 ANNUAL ACCOUNTS AND REPORTS**

- 6.1 The Chief Finance Officer, on behalf of the Trust, will:
- prepare financial returns in accordance with the accounting policies and guidance given by NHSE, HM Treasury and the DHSC, the Trust's accounting policies, and generally accepted accounting practice;
  - submit annual financial reports to NHSE certified in accordance with current guidelines; and
  - submit financial returns to NHSE for each financial year in accordance with the timetable prescribed.
- 6.2 In accordance with the Constitution, the Trust's annual accounts must be audited by an auditor appointed by the Council of Governors and presented to a general meeting of the Council in accordance with the

Constitution. The Trust's audited annual accounts must be presented to a public meeting and made available to the public.

- 6.3 The Trust will publish an annual report, in accordance with the Constitution and guidelines on local accountability and NHSE's NHS Foundation Trust Annual Reporting Manual and send it to NHSE and Parliament.
- 6.4 In accordance with paragraph 37.3 of the Constitution, the Trust shall give information prepared by the Board of Directors with regard to the Council of Governor's views as to its forward planning in respect of each financial year to NHSE.

## **7 BANK ACCOUNTS**

### **7.1 General**

- 7.1.1 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. This advice will take into account guidance issued from time to time by NHSE.
- 7.1.2 The Board of Directors shall approve the banking arrangements.
- 7.1.3 No Trust monies or donated funds can be held in any personal bank accounts. Any accounts linked to the Trust; either by name or address should be managed and controlled by Finance, individual accounts held by departments is strictly forbidden and will be referred to counter fraud for investigation.

### **7.2 Bank and Government Banking Service (GBS) Accounts**

- 7.2.1 The Chief Finance Officer is responsible for:
- bank accounts and GBS accounts;
  - establishing separate bank accounts for the Trust's non-exchequer funds;
  - ensuring payments made from bank or GBS accounts do not exceed the amount credited to the account except where arrangements have been made;
  - reporting to the Board of Directors all arrangements made with the Trust's bankers for accounts to be overdrawn (together with remedial action taken);

- monitoring compliance with HM Treasury guidance and any guidance issued by NHSE or any other relevant guidance on the level of cleared funds;
- managing the investment of surplus cash in accordance with the Trust's Treasury Management Policy and in compliance with the directives of the Finance Committee; and
- negotiating any appropriate loans from the Foundation Trust Financing Facility or other financial institutions in compliance with the directives of the Finance Committee and the Board.

### **7.3 Banking Procedures**

7.3.1 The Chief Finance Officer will ensure that detailed instructions on the operation of bank and GBS accounts are prepared which must include:

- the conditions under which each bank account is to be operated; the limit to be applied at any overdraft; and those authorised to sign cheques or other orders drawn on the Trust's accounts; and
- the Chief Finance Officer must advise the Trust's bankers in writing of the conditions under which each account will be operated.

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

### **8.1 Income systems**

8.1.1 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.

8.1.2 All such systems shall incorporate, where practicable, the principles of internal check and separation of duties.

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

8.1.4 An official receipt will be made out for all cash receipts when requested, showing the type of remittance and the reasons for payment.

## **8.2 Fees and charges**

- 8.2.1 The Chief Finance Officer is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the DHSC or by Statute. Independent professional advice on matters of valuation should 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 DHSC's Commercial Sponsorship – Ethical Standards in the NHS (Contained within the Code of Conduct & Managing Conflict of Interest and Personal Conduct Policy) shall be followed and must be declared.
- 8.2.2 All officers 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.

## **8.3 Income in Dispute/in Error**

- 8.3.1 Where an invoice is raised in error, it can only be cancelled by a credit note, appropriately authorised by Finance staff as per the Trust's authorisation list.

## **8.4 Debt recovery**

- 8.4.1 The Chief Finance Officer is responsible for the appropriate financial recovery.
- 8.4.2 Outstanding debts will be reviewed and follow up action taken, dependent upon the value of the debt and length of time outstanding. Where applicable, debt recovery agencies will be used to recover such debts.
- 8.4.3 Income not received should be dealt with in accordance with losses procedures.
- 8.4.4 Overpayments should be detected (or preferably prevented) and recovery initiated.
- 8.4.5 Any financial losses identified resulting from Fraud or bribery will be notified by the LCFM to Finance and robust action will be taken to ensure any loss is recovered in full.

## **8.5 Security of cash, cheques and other negotiable instruments**

- 8.5.1 The Chief Finance Officer is responsible for:

- approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable;
- ordering and securely controlling any such stationery;
- the provision of adequate facilities and systems for officers 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;
- 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 or IOUs;
- approval of Trust credit cards to initiate ordering and purchasing of immediate goods; all agreements signed by the cardholder; and
- any loss or shortfall of cash, cheques or other negotiable instruments, however occasioned, shall be reported to the Chief Finance Officer.

8.5.2 Subject to the SFI clause, 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.

8.5.3 All departments which are permitted to hold cash will be provided with a safe or lockable cash box which shall normally be deposited in a safe. The nominated officer will hold one key and shall arrange for a duplicate key to be lodged in the Trust Headquarters safe. Instructions for the release of this duplicate key should be prepared by the nominated officer and approved by the Chief Finance Officer. Loss of any key should be reported immediately to the Chief Finance Officer. During the absence of the key holder, the officer who acts in their place shall be subject to the same controls as the key holder. A written discharge of the contents of the safe or cash box on the transfer of responsibilities should be retained for audit purposes with consideration to operational practices. 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.

8.5.4 The opening of incoming post shall be undertaken by a one officer and all cash, cheques, postal orders and other forms of payment must be

entered immediately in an approved form or remittance register, which should be countersigned by a senior officer. The counting and recording of the takings shall be undertaken by two members of staff together.

- 8.5.5 An official receipt will be made out for all cash receipts, showing the type of remittance and the reasons for payment.
- 8.5.6 A special receipt will be issued for all charitable fund donations which will enable the donor to express their wishes as to the purpose of the donation.
- 8.5.7 The opening of coin operated machines (including telephones) and the counting and recording of the takings shall be undertaken by two officers together, except as may be authorised in writing by the Chief Finance Officer and the coin box keys shall be held by a nominated manager.
- 8.5.8 All unused cheques and other orders shall be subject to the same security precautions as are applied to cash; bulk stocks of cheques will be retained by the Trust's bankers and released by them only against a requisition signed by the Chief Finance Officer or a nominated officer.
- 8.5.9 The use of a cheque signing machine and/or cheques with a pre-printed signature included will be subject to special security precautions by the Chief Finance Officer, as deemed appropriate.
- 8.5.10 Staff shall be informed on their appointment of their responsibilities and duties for the collection, handling or disbursement of cash, cheques, etc.
- 8.5.11 Any loss or shortfall of cash, cheques, or other negotiable instruments, however occasioned, shall be reported immediately in accordance with the agreed procedures for reporting losses and for recording incidents.

## **8.6 Petty Cash**

- 8.6.1 All new floats or amendments to floats are authorised by the Assistant Director - Financial Services, they will only be approved if they are essential to the Service.
- 8.6.2 All Petty Cash Floats must be held in a secure place and remain under the control of the designated Float Holder/Accounting Officer. The float holders who are going off duty and coming on duty will both check the petty cash together and a formal record of the check will be documented.
- 8.6.3 Petty Cash disbursements should be for the purpose agreed when the float was established. Other than for re-imburement of patients/clients' money, petty cash must not be used for the

reimbursement for any item over £50. All disbursements must be supported by receipt(s). In circumstances where staff require an advance of cash to make a purchase, a record must be kept of the details and amount issued to ensure that all cash can effectively be accounted for until receipts and unspent cash are returned within 24 hours. Advances of cash need to be authorised by either the Deputy Chief Finance Officer or the Assistant Director - Financial Services prior to the advance being issued.

8.6.4 Reimbursements will not be made unless both signatories provided match the authorised signatories that is held on record for the float.

## **8.7 Trust Credit Card**

8.7.1 The Trust administer a number of credit cards to support the procurement process in allowing more flexibility to purchase goods but limited to exceptional circumstances. Standard procurement processes must be followed and suppliers set up through the usual procurement system to ensure good procurement governance. If the Trust credit card is used, then the Trust's procurement processes will still need to be followed.

8.7.2 Fuel Purchasing Cards (approved by Finance) are held by the individual units, these should be kept in a secure place when not in use and documentation kept on usage.

8.7.3 Local procedures need to be in place to ensure the security of these cards and there must be robust departmental monitoring of purchases.

## **9 SUPPLIER INVOICE RECEIPT/APPROVAL AND BANK DETAILS**

### **9.1 Invoice approval**

9.1.1 All invoices are approved by verifying the information in accordance with the Trusts' scheme of delegation and are sent out electronically within our accounting system. Payment staff will scan the invoice received, cross checking the purchase order number from the invoice to our system.

### **9.2 New suppliers**

9.2.1 The Chief Finance Officer shall ensure there are suitable controls for all notification of new supplier accounts. All details received on the Trust template are followed up by confirmation to another contact by telephone to validate the new details. New suppliers or bank account changes for existing suppliers will be checked using external verification software.

### **9.3 Inactive suppliers**

- 9.3.1 The Chief Finance Officer shall ensure suppliers with no activity for greater than two years will be classified as “inactive” on the system. This will be reviewed on bi-annual basis.

### **9.4 Changes of bank details**

- 9.4.1 The Chief Finance Officer shall ensure there are suitable controls for any changes to suppliers’ bank details. Suppliers shall use the standard amendment form recommended by NHS Counter Fraud Authority in Fraud Prevention Notice 9 (FP9) of December 2010. Payment staff will confirm requests for changes using details already held and will undertake checks using external bank verification software for additional assurance. Monthly reports will be reviewed and approved by the Transactional Services Manager.

## **10 AGREEMENTS FOR PROVISION OF SERVICES**

### **10.1 Foundation Trust Contracts**

- 10.1.1 The Board of Directors of the Trust shall regularly review and; at all times maintain and ensure the capacity of the Trust to provide the commissioner requested services referred to in the Licence and other terms of authorisation and related schedules.
- 10.1.2 The Chief Executive, as the Accounting Officer, is responsible for ensuring that the Trust enters into suitable NHS contracts with Integrated Care Boards (ICBs) and other commissioners for the provision of services.
- 10.1.3 The Trust will follow the priorities contained within the schedules of the contract, and wherever possible, be based upon integrated care pathways to reflect expected patient experience. In discharging this responsibility, the Chief Executive should take into account:
- the standards of service quality expected;
  - the relevant national service framework (if any);
  - the provision of reliable information on cost and volume of services;
  - the Performance Assessment Framework contained within the NHS contract;
  - that NHS contracts build where appropriate on existing partnership arrangements; and
  - any model contracts issued by NHSE or the DHSC.
- 10.1.4 A good NHS contract will result from a dialogue of clinicians, users, carers, public health professionals and managers. It will reflect knowledge of local needs and inequalities. This will require the Chief Executive to ensure that the Foundation Trust works with all partner

agencies involved in both the delivery and the commissioning of the service required.

10.1.5 The Chief Executive, as the Accounting Officer, will need to ensure that regular reports are provided to the Board of Directors detailing actual and forecast income from the NHS contract. This will include information on costing arrangements, which increasingly should be based upon patient clusters. Where patient clusters are unavailable for specific services, all parties should agree a common currency.

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

## **10.2 Contracts**

10.2.1 Where the Trust enters into a relationship with another organisation for the supply or receipt of services – clinical or non-clinical, the responsible officer should ensure that an appropriate contract is in place and signed by both parties.

10.2.2 Contracts should incorporate:

- a description of the service and indicative activity levels;
- the term of the agreement;
- the value of the agreement;
- lead officers;
- performance and dispute resolution procedures; and
- risk management and governance arrangements.

10.2.3 Contracts should be reviewed and agreed on an annual basis or as determined by the term of the agreement to ensure value for money and to minimise any potential loss of income.

## **11 TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF DIRECTORS, OFFICERS, VOLUNTEERS, OFF-PAYROLL WORKERS AND COLLEAGUES**

### **11.1 Remuneration and Terms of Service**

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

- 11.1.2 The Nomination and Remuneration Committee will decide on appropriate remuneration and terms of service of the Chief Executive and other Executive Directors (and other very senior officers) 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; and
  - will advise the Board of Directors of any decisions made.
- 11.1.3 Regular reviews of the remuneration and terms of service of the Chief Executive and other Executive Directors (and other senior officers) will be carried out to ensure they are fairly rewarded for their individual contribution to the Trust – having proper regard to the Trust’s circumstances and performance and to the provisions of any national arrangements where appropriate. To decide the appropriate remuneration of the Chief Executive and other Executive Directors and advise the Board of Directors of any decisions made. Any decisions made by the Nominations and Remuneration Committee shall be recorded in the minutes of the meetings.
- 11.1.4 The Nomination and Remuneration Committee shall monitor and evaluate the performance of individual Executive Directors (and other senior officers).
- 11.1.5 The Committee shall also advise on and oversee appropriate contractual arrangements for all Directors and officers, including the proper calculation and scrutiny of termination payments taking account of such national guidance.
- 11.1.6 The Board of Directors will after due consideration and amendment if appropriate approve proposals presented by the Chief Executive for setting of remuneration and conditions of service for those officers and officers not covered by the Committee.
- 11.1.7 The Trust will pay allowances to the Chairman and other Non- Executive Directors in accordance with the decision of the Council of Governors in accordance with the Constitution.

## **11.2 Funded establishment**

- 11.2.1 The workforce plans incorporated within the annual budget will form the funded establishment.
- 11.2.2 The funded establishment of any department may be varied within the existing funding available.

### **11.3 Officer appointments**

11.3.1 No officer may engage, re-engage, or re-grade officers, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration:

- unless within the limit of his approved budget and funded establishment.

11.3.2 The Board of Directors will approve procedures presented by the Chief Executive for the determination of commencing pay rates, and conditions of service for officers.

### **11.4 Processing of Payroll**

11.4.1 The Chief Finance Officer is responsible for:

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

11.4.2 The Chief Finance Officer will issue instructions regarding:

- verification and documentation of data;
- the timetable for receipt and preparation of payroll data and the payment of officers;
- 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 2018;
- methods of payment available to various categories of officers;
- procedures for payment by cheque, bank credit, or cash to officers;
- 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;
- a system to ensure the recovery from leavers of sums of money and property due by them to the Trust; and
- the process of reclaiming business mileage and expenses (processed through the Trust e-expenses system).

11.4.3 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's instructions and in the form prescribed by the Chief Finance Officer, submitting termination forms in the prescribed form immediately upon knowing the effective date of an officer's resignation, termination or retirement. Where an officer fails to report for duty or to fulfil obligations in circumstances that suggest they have left without notice, the Chief Finance Officer must be informed immediately.

11.4.4 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 those suitable arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies.

## **11.5 Contracts of Employment**

11.5.1 The Chief People Officer is responsible for ensuring that all officers are issued with a contract of employment in a form approved by the Board of Directors and which complies with employment legislation; and for dealing with variations to, or termination of, contracts of employment.

## **11.6 Expenses**

11.6.1 The Trust E-Expenses system should only be used for expenses associated with officers, i.e. those paid via payroll. Budget holders are accountable for checking and authorising only appropriate expenses incurred in line with Trust business travel and expenses policy and based upon their financial delegations set out in these SFIs. If applicable, receipts must support the claim in electronic format.

11.6.2 E-Expenses reimbursements to officers are processed via payroll and should never occur via accounts payable.

11.6.3 The E-Expenses system is only for the reimbursement of expenses associated or incurred during the course of Trust business i.e. travel and subsistence, relocation and removal allowances, and should never be used to reimburse items that should have been and could have been purchased via the Trust's purchasing systems.

## **11.7 Salary sacrifice schemes**

11.7.1 All salary sacrifice schemes have a procedure that is applicable and provide detailed guidance. Please refer to the Trust intranet for the various scheme procedures.

## **11.8 Working with service users/volunteers**

11.8.1 Service Users and Volunteers have a unique contribution to make to service improvement. The Trust delivers partnerships that put their views, needs, aspirations, experiences and expert knowledge central to the Trust service development.

## **11.9 Service user and volunteer reimbursement of expenses**

11.9.1 In accordance with tax law, service users can only be reimbursed for actual expenses incurred, without the deduction of income tax and national insurance.

11.9.2 Specifically, tax law allows this reimbursement to be:

- on the basis of actual costs incurred, which require supporting receipts and should be in line with the Trust's service user standard operating procedure;

11.9.3 All reimbursement or expenses to service users should be made following the submission of an expenses claim form. This should be submitted within three months of the meeting/event and must include receipts for any expenses claimed. Expenses claimed must be in line with the service user standard operating procedure.

11.9.4 Honorarium 'reward' or remuneration (over and above paying expenses) is offered but brings potential complications for the service user in respect to income tax and/or benefit entitlements. It also brings complications for the Trust in relation such matters as minimum wage law. Participants would ultimately be responsible for informing the Department of Work and Pensions along with the Inland Revenue of any such reward or remuneration and this may affect their benefits or tax code.

## **11.10 Staff loans and advances**

11.10.1 The Trust does not allow loans and advances to staff.

## **12 NON-PAY EXPENDITURE**

### **12.1 Delegation of Authority**

12.1.1 The level of non-pay expenditure will be determined on an annual basis as part of the budget setting process and the Chief Executive will determine the level of delegation to budget managers.

- 12.1.2 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.
- 12.1.3 The Chief Executive shall set out procedures on the seeking of professional advice regarding the supply of goods and services.
- 12.1.4 The Council of Governors will need to approve significant transactions as defined in the Constitution.

## **12.2 Choice, Requisitioning, Ordering, Receipt and Payment of Goods and Services Requisitioning**

- 12.2.1 The requisitioner, in choosing the item to be supplied (or the service to be performed), must always obtain the best value for money for the Trust. In so doing, the advice of the Procurement Department shall be sought. Where this advice is not acceptable to the requisitioner, the Chief Finance Officer (and/or the Chief Executive) shall be consulted.
- 12.2.2 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.

## **12.3 System of Payment and Verification**

- 12.3.1 The Chief Finance Officer will:
- advise the Board of Directors regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained. Once approved, the thresholds should be incorporated in SOs and the Scheme of Delegation and regularly reviewed. These limits shall have the effect as if incorporated in these SFIs;
  - prepare procedural instructions (where not already provided in the Scheme of Delegation or procedure notes for budget holders) on the obtaining of goods, works and services incorporating the thresholds;
  - be responsible for the prompt payment of all properly authorised accounts and claims;
  - be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for;
  - maintain a list of Directors/officers (including specimens of their signatures) authorised to certify invoices;

- provide certification that:
  - a) goods have been duly received, examined and are in accordance with;
  - b) specification and the prices are correct;
  - c) 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;
  - d) 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 the price and the charges for the use of vehicles, plant and machinery have been examined;
  - e) where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
  - f) the account is arithmetically correct;
  - g) the account is in order for payment:
- create a timetable and system for submission to the Chief Finance Officer of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment;
- provide instructions to officers 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 set out at 12.4 below); and
- prepare and issue procedures regarding Value Added Tax (VAT).

## **12.4 Prepayments**

- 12.4.1 Prepayments other than those which are standard practice, e.g. telephone rental and annual subscriptions, are only permitted where exceptional circumstances apply. In such instances:

- prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to NPV using an appropriate rate);
- the appropriate Executive 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 course of the prepayment agreement unable to meet his commitments;
- the Chief Finance Officer will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold); 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.

## **12.5 Official Orders**

### 12.5.1 Official orders must:

- be consecutively numbered;
- be in a form approved by the Chief Finance Officer, including electronic format;
- state the Trust's terms and conditions of trade; and
- only be issued to, and used by, those duly authorised by the Chief Executive.

## **12.6 Duties of Officers**

### 12.6.1 Officers must ensure that they comply fully with the guidance and limits specified by the Chief Finance Officer and that:

- all contracts (other than for a simple purchase permitted within the Scheme of Delegation or delegated budget), leases, tenancy agreements and other commitments which may result in a liability, are notified to the Chief Finance Officer in advance of any commitment being made. Contracts above specified thresholds are advertised and awarded in accordance with public procurement law.

- where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by NHSE;
- if Trust officers, contractors or temporary staff have any potential or actual conflicts of interest this should be declared in line with the Trust's 'Managing Conflicts of Interest and Personal Conduct policy'. To protect against accusations of compromise staff must declare gifts, hospitality, patents, political interests, entertainment, shareholdings, secondary employment, private practice, loyalty interests and sponsorship in line with this policy. Officers at band 8D, or above and officers working at band 7, or above working in Pharmacy, Estates or Procurement must submit a return on an annual basis;
- 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 categories of spend agreed to be exempt by Chief Finance Officer on behalf of the Chief Executive (e.g. business rates, utility bills and clinical agency staffing) and purchases by purchase card or from petty cash;
- verbal orders must only be issued very exceptionally – by an officer 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/officers 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.

12.6.2 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 any DHSC guidance or other

regulations relating to the EU, PFI or Procure 22 projects. The technical audit of these contracts shall be the responsibility of the relevant Executive Director.

- 12.6.3 Under no circumstances should goods be ordered through the Trust for personal or private use (other than approved lease car schemes).

### **13 JOINT FINANCE ARRANGEMENTS WITH LOCAL AUTHORITIES AND VOLUNTARY BODIES**

- 13.1 Payments to local authorities and voluntary organisations made under the powers of section 75 of the NHS Act 2006 shall comply with procedures laid down by the Chief Finance Officer which shall be in accordance with these Acts.

### **14 EXTERNAL BORROWING, PUBLIC DIVIDEND CAPITAL AND CASH INVESTMENTS**

#### **14.1 External Borrowing**

- 14.1.1 The Chief Finance Officer is responsible for ensuring that the sum of borrowing from all sources both short term and long term represents value for money, comply with any Regulatory limits and guidance and does not adversely impact on future cash flows.
- 14.1.2 Any application for a temporary loan or overdraft will only be made by the Chief Finance Officer or by a member of staff so delegated by them and in any event a duly authorised signatory.
- 14.1.3 The Chief Finance Officer must prepare detailed procedural instructions concerning applications for temporary loans and overdrafts.
- 14.1.4 All external borrowing must be consistent with the plans outlined in the current Business Plan and be recommended by Finance Committee to the Trust Board.
- 14.1.5 The Trust holds a separate Treasury Management Policy which covers both borrowings and investment in more detail.

#### **14.2 Public Dividend Capital**

- 14.2.1 The Chief Finance Officer will advise the Board of Directors concerning the Trust's ability to pay dividend on and repay Public Dividend Capital (PDC) and any proposed new borrowing, at a rate to be determined from time to time by the Secretary of State in accordance with the 2006 and the Regulatory Framework. The Chief Finance Officer is also responsible for

reporting periodically to the Board of Directors concerning the PDC debt and all loans and overdrafts.

- 14.2.2 The Board of Directors will agree the list of officers who are authorised to make short-term borrowings on behalf of the Trust. This must include the Chief Executive and the Chief Finance Officer.
- 14.2.3 The Chief Finance Officer must prepare detailed procedural instructions on applications for loans and overdrafts; and the operations of investment accounts and the records to be maintained.
- 14.2.4 All short-term borrowings should be kept to a minimum period of time possible, consistent with the over cash flow position, represent good value for money, and comply with the latest guidance issued by NHSE.
- 14.2.5 Any short-term borrowing must be with the authority of two members of the authorised panel, one of which must be the Chief Executive or the Chief Finance Officer. The Board of Directors must be made aware of all short-term borrowings at the next Board meeting.

### **14.3 Cash Investments**

- 14.3.1 Temporary cash surpluses must be held only in such public or private sector investments as notified by NHSE and/or the Secretary of State and in accordance with the Treasury Management policy.
- 14.3.2 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 and on ensuring the Trust acts in accordance with the Best Practice Guidance in Making Investments for NHS Foundation Trusts. Proposals for investments will be considered and scrutinised by the Finance Committee on behalf of the Board.

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

### **15.1 Capital Investment**

- 15.1.1 The Trust will follow NHSE's Capital Regime and where applicable approval will be sought for any investment and property business cases in line with the requirements of the guidance. See NHS Improvement: 'Capital regime, investment and property business case approval guidance for NHS Trusts and Foundation Trusts'.
- 15.1.2 The Trust will follow NHSE's capital regime in relation to system sign off and working within Capital Departmental Expenditure Limit (CDEL) set by the Regulator.
- 15.1.3 The Chief Executive:

- 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;
- is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost; and
- shall ensure that the capital investment is not undertaken without confirmation of commissioner(s) support and the availability of resources to finance all revenue consequences, including capital charges.

15.1.4 The Trust shall appoint the Capital Delivery Group or other appropriate meeting structure whose responsibilities shall be:

- a) the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost and meet their overall purpose;
- b) ensuring that capital investment is not undertaken without commissioner(s)/partner(s) written support, where required, and the availability of resources to finance all revenue consequences and capital charges;
- c) ensuring that a robust financial appraisal is undertaken as appropriate for all business cases (which have been approved by the Trust's Finance committee as appropriate);
- d) ensuring that appropriate project management and control arrangements are in place; and
- e) ensuring that the Director of Strategy and Digital Development has certified professionally to the costs and revenue consequences detailed in business cases.

15.1.5 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:

- specific authority to commit expenditure;
- authority to proceed to tender; and
- approval to accept a successful tender.

15.1.6 The Chief Executive will issue a Scheme of Delegation for capital investment management in accordance with "Protection of Assets Guidance for NHS Foundation Trusts" issued by NHSE, "Estatecode" guidance and the SOs.

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

These procedures shall fully take into account:

- the delegated limits for capital schemes included in Annex C of HSC 1999/246 and guidance issued by NHSE relating to the Prudential Borrowing Code which determines the limits of borrowing by an NHS Foundation Trust;
- the Trust's Investment Policy;
- the best practice advice issued by NHSE in "Risk Evaluation for Investment Decisions by Foundation Trusts"; and
- the NHS Foundation Trust Annual Reporting Manual which outlines the application of International Financial reporting Standards (IFRS), to the extent that they are relevant to NHS Foundation Trusts, is followed in the production of the Trust's annual accounts and annual report.

## **15.2 Private Finance**

- 15.2.1 When the Trust proposes to use finance that is to be provided other than through its allocations, the following procedures shall apply:

- The Chief Finance Officer shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
- Where the sum exceeds the delegated limits set out in the Scheme of Delegation a business case must be prepared and the Trust shall comply with any relevant guidance and/or best practice advice issued by NHSE.
- The proposal must be specifically agreed by the Board of Directors in the light of such professional advice as should reasonably be sought.

## **15.3 Asset Registers**

- 15.3.1 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, and arranging for a physical check of assets against the asset register to be conducted once a year.

- 15.3.2 The Trust shall maintain an asset register recording non-current assets. The asset register shall list every asset used by the Trust for the provision of commissioner requested services.
- 15.3.3 Additions to the non-current asset register must be clearly identified to an appropriate budget holder and be validated by reference to properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties.
- 15.3.4 Stores, requisitions and wages records for own materials and labour including appropriate overheads.
- 15.3.5 Lease agreements in respect of assets held under a finance lease and capitalised.
- 15.3.6 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).
- 15.3.7 The Chief Finance Officer shall approve procedures for reconciling balances on non-current assets accounts in ledgers against balances on non-current asset registers with the value of each asset indexed to current values.
- 15.3.8 The value of each asset shall be depreciated using methods as specified in the Annual Reporting Manual issued by NHSE.
- 15.3.9 The Chief Finance Officer shall calculate and pay capital charges as specified in the Annual Reporting Manual issued by NHSE.
- 15.3.10 No assets that have been identified to hold Commissioner Requested Services in accordance with the NHSE Licence Agreement are allowed to be sold without prior consultation and agreement with NHSE in line with current guidance and approval from the Board. The Trust asset register includes a list of all assets which have been identified as being locations of Commissioner Requested Services.
- 15.3.11 The value of owned buildings shall be indexed to current values and all assets shall be depreciated using methods and rates as specified by the appropriate accounting policies in use in the Trust. Periodically non-current assets will be subject to a formal revaluation exercise as described in the relevant Trust accounting policies. The Chief Finance Officer shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.

## **15.4 Security of Assets**

- 15.4.1 The overall control of fixed assets is the responsibility of the Chief Executive.
- 15.4.2 Asset control procedures (including non-current 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:
- recording managerial responsibility for each asset;
  - identification of additions and disposals;
  - identification of all repairs and maintenance expenses;
  - physical security of assets;
  - periodic verification of the existence of, condition of, and title to, assets recorded;
  - identification and reporting of all costs associated with the retention of an asset; and
  - reporting, recording and safekeeping of cash, cheques, and negotiable instruments.
- 15.4.3 All discrepancies revealed by verification of physical assets to the fixed asset register shall be notified to the Chief Finance Officer.
- 15.4.4 Whilst each member of staff has a responsibility for the security of property of the Trust, it is the responsibility of Board members and senior officers in all disciplines to apply such appropriate routine security practices in relation to Trust property as may be determined by the Board of Directors. Any breach of agreed security practices must be reported in accordance with instructions.
- 15.5.5 Any damage to the Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by Board members and officers in accordance with the procedure for reporting losses.
- 15.5.6 Where practical, assets should be marked as Trust property.

## **16 STORES AND RECEIPT OF GOODS**

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

- 16.2 Subject to the responsibility of the Chief Finance Officer for the systems of control, overall responsibility for the control of stocks and stores shall be delegated to an officer by the Chief Executive. The day-to-day responsibility may be delegated by him to departmental officers and stores managers/ keepers, subject to such delegation being entered in a record available to the Chief Finance Officer. The control of any pharmaceutical stocks shall be the responsibility of a Designated Pharmaceutical Manager; the control of any fuel shall be the responsibility of the Designated Estates Manager.
- 16.3 The responsibility for security arrangements and the custody of keys for all stores and locations shall be clearly defined in writing by the Head of Facilities. Wherever practicable, stocks should be marked as “Trust service property”.
- 16.4 The Chief Finance Officer shall set out procedures and systems to regulate the stores, including records for receipt of goods, issues, and returns to stores, and losses.
- 16.5 Stocktaking arrangements shall be agreed with the Chief Finance Officer and there shall be a physical check covering all items in store at least once a year.
- 16.6 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Chief Finance Officer.
- 16.7 The designated officer shall be responsible for a system approved by the Chief Finance Officer for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated officer shall report to the Chief Finance Officer any evidence of significant overstocking and of any negligence or malpractice (see also SFI 17 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.
- 16.8 For goods supplied via the NHS Supply Chain central warehouses, 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 who shall satisfy him/ herself that the goods have been received before accepting the recharge.

## **17 DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS**

### **17.1 Disposals and Condemnations**

- 17.1.1 The Chief Finance Officer must prepare detailed procedures for the disposal of assets in accordance with the Regulatory Framework and

guidance issued by NHSE, including condemnations, and ensure that these are notified to managers.

- 17.1.2 When it is decided to dispose of a Trust asset, the Head of Facilities or Head of Procurement will determine and advise the Chief Finance Officer of the estimated market value of the item, taking account of professional advice where appropriate.
- 17.1.3 All unserviceable articles shall be condemned or otherwise disposed of by an officer authorised for that purpose by the Chief Finance Officer.
- 17.1.4 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 officer authorised for the purpose by the Chief Finance Officer.
- 17.1.5 The condemning officer shall satisfy him/herself 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.

## **17.2 Losses and Special Payments**

- 17.2.1 The Chief Finance Officer must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments.
- 17.2.2 Within limits delegated to it by NHSE, and the Treasury, the Board of Directors shall approve the writing-off of losses above the level delegated to nominated Executive Directors or other senior officers contained in the Financial Limits.
- 17.2.3 The Chief Finance Officer shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.
- 17.2.4 For any loss, the Chief Finance Officer should consider whether any insurance claim can be made.
- 17.2.5 The Chief Finance Officer shall maintain a Losses and Special Payments Register in which write-off action is recorded. These are presented to the Audit Committee on a quarterly basis.
- 17.2.6 No special payments exceeding delegated limits shall be made without the prior approval of NHSE/Treasury.

## **18 INFORMATION TECHNOLOGY**

### **18.1 Responsibilities and duties of the Director of Strategy and Digital Development**

- 18.1.1 The Director of Strategy and Digital Development, who is responsible for the accuracy and security of the computerised financial data of the Trust, shall: devise and implement any necessary procedures to ensure adequate 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 2018 and any subsequent legislation.
- 18.1.2 Ensure that adequate controls exist over data entry, processing, storage, transmission, and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system.
- 18.1.3 Ensure that adequate controls exist such that the computer operation separated from development, maintenance, and amendment.
- 18.1.4 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.
- 18.1.5 The Director of Strategy and Digital Development shall satisfy himself 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, assurance of adequacy will be obtained from them prior to implementation.

### **18.2 Responsibilities and duties of other Directors and Officers in relation to computer systems of a general application**

- 18.2.1 In the case of computer systems which are proposed general applications (i.e. normally those applications which the majority of Trusts in the Region wish to sponsor jointly) all responsible Directors and officers will send to the Director of Strategy and Digital Development:
- details of the outline design of the system; and
  - in the case of packages acquired either from a commercial organisation, from the NHS, or from another public sector organisation, the operational requirement.

### **18.3 Contracts for computer services with other health bodies or outside agencies**

- 18.3.1 The Director of Strategy and Digital Development 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.
- 18.3.2 Where another health organisation or any other agency provides a computer service for financial applications, the Director of Strategy and Digital Development shall periodically seek assurances that adequate controls are in operation.

#### **18.4 Risk Assessment**

- 18.4.1 The Director of Strategy and Digital Development shall ensure that risks to the Trust arising from the use of IT are effectively identified and considered and appropriate action is taken to mitigate or control risk. This shall include the preparation and testing of appropriate disaster recovery plans.

#### **18.5 Requirements for computer systems which have an impact on corporate financial systems**

- 18.5.1 Where computer systems have an impact on corporate financial systems the Director of Strategy and Digital Development shall satisfy himself that: systems acquisition, development and maintenance are in line with corporate policies such as an Information Technology Strategy.
- 18.5.2 Data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists.
- 18.5.3 The Director of Strategy and Digital Development/officers have access to such data; and such computer audit reviews as are considered necessary are being carried out.
- 18.5.4 The Director of Strategy and Digital Development will devise procedures which ensure that orders for the acquisition of computer hardware, software and services (other than consumables) are placed in accordance with the Trust's information strategy.
- 18.5.5 The Director of Strategy and Digital Development will ensure that separate control procedures are put in place for computer systems. This procedure will include:
- the decommissioning of systems containing confidential data; and in accordance with guidance issued by NHSE and the DHSC; and
  - the acquisition and disposal of IT, systems and equipment.

## **19 PATIENTS' PROPERTY**

- 19.1 The Trust has a responsibility to provide safe custody for money and other personal property (hereafter referred to as “property”) handed in by patients, in the possession of unconscious or confused patients, or found in possession of patients dying in hospital or dead-on arrival.
- 19.2 The Chief Executive is responsible for ensuring that patients or their guardians, as appropriate, are informed before or at admission by:
- notices and information booklets;
  - Hospital admission documentation and property records; where applicable signed by the patient and staff member; and
  - the oral advice of officers responsible for admissions into Trust premises 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. hospital admission documentation and property records; where applicable signed by the patient and staff member.
- 19.3 The Chief Finance Officer must provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients’ property (including instructions on the disposal of the property of deceased patients and of patients transferred to other premises) for all officers 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.
- 19.4 Where NHSE’s instructions require the opening of separate accounts for patients’ moneys, these shall be opened and operated under arrangements agreed by the Chief Finance Officer.
- 19.5 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 as amended), 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.
- 19.6 Officers 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.
- 19.7 Where patients’ property or income is received for specific purposes and held for safekeeping the property or income shall be used only for that purpose unless any variation is approved by the donor or patient in writing.

## **20 FUNDS HELD ON TRUST, INCLUDING CHARITABLE FUNDS**

### **20.1 Funds held on Trust Introduction**

This Standing Financial instruction identifies the Trust's responsibilities as a corporate trustee for the management of funds it holds on Trust and defines how those responsibilities are to be discharged. It explains 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 must be given to the dual accountabilities to the Charity Commission for charitable funds held on Trust and to NHSE for all funds held on Trust.

- 20.1.1 The Scheme of Delegation makes clear where decisions regarding the exercise of dispositive discretion are to be taken and by whom. Directors and officers must take account of that guidance before taking action. SFIs are intended to provide guidance to persons who have been delegated to act on behalf of the corporate trustee.
- 20.1.2 As management processes overlap most of the sections of these SFIs will apply to the management of Funds held on Trust. This section covers those instructions which are specific to the management of charitable funds held on Trust.
- 20.1.3 The overriding principle is that the integrity of each fund must be maintained and statutory and charity obligations met. Materiality must be assessed separately from Exchequer activities and funds.
- 20.1.4 The Board is responsible for the management of charitable funds and this function is overseen by the Charitable Funds Committee which meets quarterly in accordance with the business requirements of the Trust and the Charitable Funds.

### **20.2 Existing Charitable Funds**

- 20.2.1 The Chief Finance Officer shall arrange for the administration of all existing charitable funds. Chief Finance Officer shall ensure that written instructions exist for every charitable donated fund and shall produce detailed procedures covering every aspect of the financial management of funds, for the guidance of all officers. Such guidelines shall identify the restricted nature of certain funds.
- 20.2.2 The Chief Finance Officer shall periodically review the funds in existence and shall make recommendations to the Board regarding the potential for rationalisation of such funds within statutory guidelines.
- 20.2.3 The Chief Finance Officer may recommend an increase in the number of funds where this is consistent with the Trust's policy for ensuring the

safe and appropriate management of restricted funds, e.g. designation for specific wards or departments.

### **20.3 New Charitable Funds**

20.3.1 The Chief Finance Officer shall arrange for the creation of a new charitable fund where funds and/or other assets, received in accordance with the Trust's policies, cannot adequately be managed as part of an existing fund.

20.3.2 The Chief Finance Officer shall present the governing document to the Board for each new charitable fund. Such a document shall clearly identify, inter alia, the objects of the new charitable fund, the capacity of the Trust to delegate powers to manage and the power to assign the residue of the charitable fund to another fund contingent upon certain conditions, e.g. discharge of original objects.

### **20.4 Sources of New Funds**

20.4.1 In respect of Donations, the Director of Strategy and Digital Development shall provide guidelines to officers of the Trust as to how to proceed when offered funds. These are to include:

- the identification of the donors intentions;
- where possible, the avoidance of new Trusts;
- the avoidance of impossible, undesirable or administratively difficult objects;
- sources of immediate further advice; and treatment of offers for personal gifts; and
- provide secure and appropriate receipting arrangements which will indicate that funds have been accepted directly into the Trust's donated funds and that the donor's intentions have been noted and accepted.

20.4.2 In respect of Fundraising, the Director of Strategy and Digital Development shall:

- deal with all arrangements for fundraising by and/or on behalf of the Trust and ensure compliance with all statutes and regulations;
- be empowered to liaise with other organisations/persons raising funds for the Trust and provide them with an adequate discharge. The Director of Strategy and Digital Development shall be the only officer empowered to give approval for such fundraising subject to the overriding direction of the Board;

- be responsible for alerting the Board to any irregularities regarding the use of this Trust's name or its registration numbers; and
- be responsible for the appropriate treatment of all funds received from this source.

20.4.3 In respect of Legacies and Bequests, the Chief Finance Officer shall:

- provide guidelines to officers of the Trust covering any approach regarding;
- the wording of wills;
- the receipt of funds/other assets from executors;
- where necessary, obtain grant of probate, or make application for grant of letters of administration, where the Trust is the beneficiary;
- be empowered, on behalf of this Body, to negotiate arrangements regarding the administration of a will with executors and to discharge them from their duty;
- be directly responsible for the appropriate treatment of all legacies and bequests; and
- keep a register of all enquiries.

20.4.4 No trading activities will be undertaken without the prior consent of the Trustees and the formation of a trading company.

20.4.5 In respect of Investment Income, the Chief Finance Officer shall be responsible for the appropriate treatment of all dividends, interest and other receipts from this source.

## **20.5 Investment Management**

20.5.1 The Director of Strategy and Digital Development shall be responsible for all aspects of the management of the investment of donated funds. Advice provided to the Board shall include:

- the formulation of investment policy within the powers of the Trust under statute and within governing instruments to meet its requirements with regard to income generation and the enhancement of capital value;
- the appointment and agreement of the terms of appointment of advisers, brokers, and, where appropriate, fund managers, written agreements to be signed by the Chief Executive;
- the pooling of investment resources in accordance with the scheme approved by the Charity Commission;
- the participation by the Charity in common investment funds and the agreement of terms of entry and withdrawal from such funds;

- that the use of Charity assets shall be appropriately authorised in writing and charges raised within policy guidelines;
- the review of the performance of brokers and fund managers;
- the reporting of investment performance; and
- all share and stock certificates and property deeds are held by the Trust's stockbroker who uses a nominee company on behalf of the Trust.

## **20.6 Expenditure Management**

20.6.1 The exercise of this Trust's expenditure discretion shall be managed by the Chief Finance Officer in conjunction with the Board. In so doing, to be aware of the following:

- the objects of various funds and the designated objectives;
- the availability of liquid funds within each donated fund;
- the powers of delegation available to commit resources;
- the avoidance of the use of exchequer funds to discharge donated fund liabilities (except where administratively unavoidable), and to ensure that any indebtedness to the Exchequer shall be discharged by donated funds at the earliest possible time;
- that funds are to be spent rather than preserved, subject to the wishes of the donor and the needs of this Trust; and
- the definitions of 'charitable purposes' as agreed by the NHS Executive with the Charity Commission.

## **20.7 Banking Services**

20.7.1 The Chief Finance Officer shall advise the Board and, with its approval, shall ensure that appropriate banking services are available to the Charity as corporate trustee. These bank accounts should permit the separate identification of liquid funds to each Trust where this is deemed necessary by the Charity Commission.

## **20.8 Asset Management**

20.8.1 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 Chief Finance Officer shall ensure:

- that appropriate records of all assets owned by the Trust as corporate trustee are maintained, and that all assets, at agreed valuations, are brought to account;
- 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;
- that donated assets received are accounted for appropriately; and

- that all assets acquired from Charitable Funds which are intended to be retained within the Charity are appropriately accounted for.

## **20.9 Reporting & Accounting and Audit**

- 20.9.1 The Chief Finance Officer shall ensure that regular reports are made to the Charitable Funds Committee with regard to, inter alia, the receipt of funds, investments, and the disposition of resources.
- 20.9.2 The Chief Finance Officer shall prepare annual accounts in the required manner which shall be submitted to the Board within agreed timescales.
- 20.9.3 The Chief Finance Officer shall prepare an annual trustees' report (separate reports for charitable and non-charitable Trusts) and the required returns to the NHS Executive and to the Charity Commission for adoption by the Board.
- 20.9.4 The Chief Finance Officer shall maintain all financial records to enable the production of reports as above and to the satisfaction of internal and external audit.
- 20.9.5 The Chief Finance Officer shall ensure that the records, accounts and returns receive adequate scrutiny by internal audit during the year. The Chief Finance Officer will liaise with external audit and provide them with all necessary information.
- 20.9.6 The Board shall be advised by the Chief Finance Officer on the outcome of the annual audit. The Chief Executive shall submit the Management Letter to the Corporate Trustee.

## **20.10 Authorised Limits for Charitable Trust Funds**

- 20.10.1 Limits for expenditure out of charitable funds are set out in Appendix 2.

## **21 ACCEPTANCES OF GIFTS AND HOSPITALITY**

- 21.1 The Chief Executive shall ensure that all officers are made aware of the Trust policy on acceptance of gifts and other benefits in kind to officers. This policy should follow the guidance contained in NHSE's Standards of Business Conduct for NHS Staff and the NHS Foundation Trust Code of Governance, which forms part of the Trust's Code of Conduct and Managing Conflict of Interest and Personal Conduct Policy. All gifts, hospitality or sponsorship are reported in accordance with this policy. All declarations; staff at band 8D, (or equivalent) must be made online via <https://spft.mydeclarations.co.uk/login>.

21.2 Any Fraud, bribery and corruption concerns should be reported to the LCFM or the NHS Counter Fraud Authority.

## **22 RETENTION OF DOCUMENTS**

22.1 The Chief Executive shall be responsible for maintaining a Policy and Procedure for the Retention, Preservation and Destruction of Records which all officers must follow.

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

22.3 Documents held under the Records Management Code shall only be destroyed at the express instigation of the Chief Executive; records shall be maintained of documents so destroyed.

## **23 FREEDOM OF INFORMATION**

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

## **24 RISK MANAGEMENT AND INSURANCE**

24.1 The Chief Executive shall ensure that the Trust has a programme of risk management in accordance with current directions and guidance in relation to assurance frameworks as issued by NHSE which will be approved and monitored by the Board of Directors.

24.2 **The programme of risk management shall include:**

- a process for identifying and quantifying risks and potential liabilities;
- engendering among all levels of officers a positive attitude towards the control of risk;
- management processes to ensure all significant risks and potential liabilities are addressed, including effective systems of internal control, cost effective insurance cover, and decisions on the acceptable level of retained risk;
- contingency plans to offset the impact of adverse events;
- audit arrangements, including internal audit, clinical audit, health and safety review;
- decision on which risks shall be insured; and
- arrangements to review the risk management programme.

- 24.3 The existence, integration and evaluation of the above elements will assist in providing a basis to make an annual governance statement as required by the NHS Foundation Trust Annual Reporting Manual.
- 24.4 The Board of Directors shall decide if the Trust will insure through the risk pooling schemes administered by the NHS Resolution or self-insure for some or all of the risks covered by the risk pooling schemes. If the Board of Directors decides not to use the risk pooling schemes for any of the risk areas (clinical, property and employers/third party liability) covered by the scheme this decision shall be reviewed annually.
- 24.5 The Trust may enter into insurance arrangements with commercial insurers in respect of vehicle and other insurance not covered by the NHS Resolution schemes.
- 24.6 Where income generation activities take place these activities should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by the Trust for a NHS purpose the activity may be covered in the risk pool. Confirmation of coverage in the risk pool must be obtained from the NHS Resolution. In any case of doubt concerning a Trust's powers to enter into commercial insurance arrangements the Chief Finance Officer should consult the NHS Resolution.
- 24.7 Where the Board decides to use the risk pooling schemes administered by the NHS Resolution the Chief Finance Officer shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Chief Finance Officer shall ensure that documented procedures cover these arrangements.
- 24.8 Where the Board decides not to use the risk pooling schemes administered by the NHS Resolution for one or other of the risks covered by the schemes, the Chief Finance Officer shall ensure that the Board is informed of the nature and extent of the risks that are self-insured as a result of this decision. The Chief Finance Officer will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses that will not be reimbursed.
- 24.9 All the risk-pooling schemes require members to make some contribution to the settlement of claims (the 'deductible'). The Chief Finance Officer should ensure documented procedures also cover the management of claims and payments below the deductible in each case.

## 25 DOCUMENT CONTROL

<b>Document Author</b>	Assistant Director - Financial Services/Head of Procurement		
<b>Lead Owner</b>	Chief Finance Officer		
<b>This Version</b>	1.2	<b>Status</b>	Ratified
<b>Replaces</b>	1.1		
<b>Approval Date</b>	15/10/2025	<b>Where</b>	Audit Committee
<b>Ratification Date</b>	4/11/2025	<b>Where</b>	Trust Board
<b>Date of issue</b>	December 2025	<b>Review Date</b>	December 2028
<b>Applies to</b>	All Staff	<b>Exclusions</b>	None

**Appendix 1:**

**SOMERSET NHS FOUNDATION TRUST FINANCIAL LIMITS  
– EASY REFERENCE GUIDE**

<b>Financial Limit £</b>	<b>Ordering Goods &amp; Services &amp; authorising</b>	<b>Capital Expenditure</b>	<b>Charitable Funds</b>	<b>Sale of Equipment</b>	<b>Income in Dispute (credit note)</b>	<b>Losses Write-off/special payments</b>
0	Authorised signatory	Capital Delivery Group	Charitable Fund Holder	General Managers/ Directors	Assistant Director - Financial Services	Assistant Director - Financial Services/ Deputy Chief Finance Officer
250				As above with written quotations		
1,000				Budget Holders		
5,000	Service Group Managers		Chief Finance Officer	Trust Board to declare surplus followed by full tendering procedure		Deputy Chief Finance Officer
10,000						
50,000	Board Directors/ Assistant Director - Financial Services/ Management	Strategic Estates Group	Charitable Fund Committee		Audit Committee	
100,000	Deputy Chief Finance Officer					
150,000						
500,000		Finance Committee				
750,000	Chief Finance Officer/Chief Executive	Trust Board				Chief Finance Officer/ Chief Executive
1,000,000						

## Appendix 1:

### FINANCIAL LIMITS

Paragraph 2 on page 5 under the heading Interpretation of these SFIs states that “wherever a financial limit is stipulated but no value is given, reference should be made to the Trust’s decision on Financial Limits”. The approved limits are set out below. The Board periodically reviews these Financial Limits:

<b>1) Overall Financial Limits for sign off of invoices (subject to observance of the provisions of the SFIs relating to procurement)</b>	<b>Up to Authorisation Level £ (excluding VAT)</b>
Authorised Secondary List Signatory (e.g. ward sisters)	1,000
Budget holders / other authorised main list signatories (e.g. Clinical Service Manager)	5,000
Service Group Managers or equivalent (including Pharmacy) and their nominated deputies	50,000
Board Director	100,000
Assistant Director - Financial Services/Financial Management	100,000
Deputy Chief Finance Officer	750,000
Chief Finance Officer/Chief Executive	Over 750,000

<b>2) Authorisation Limits For ordering (iProcurement)</b>	<b>Authorisation Level £ (excluding VAT)</b>
Requisitioner	0
Authorised Secondary List Signatory (e.g. ward sisters)	1,000
Budget holders/other authorised main list signatories (e.g. Clinical Service Manager)	5,000
Service Group Managers or equivalent (including Pharmacy)	50,000
Board Director	100,000
Assistant Director - Financial Services/Financial Management	100,000
Deputy Chief Finance Officer	750,000
Chief Finance Officer/Chief Executive	Over 750,000

### 3) Procurement thresholds for competition

Type of Expenditure	Process	Procurement threshold for competition excluding VAT
<b>Goods and Services</b>	Request for Quotation (minimum 3 quotations sought)	£10,000
	Procurement Act 2023 above threshold tender or competition against compliant framework agreement	£112,515*
<b>Works</b>	Request for Quotation (minimum 3 quotations sought)	£10,000
	Below Threshold Tender (minimum 4 tenders sought) or competition against compliant framework agreement	£250,000
	Procurement Act 2023 above threshold tender or competition against compliant framework agreement	£4,327,500*
<b>Healthcare Services</b>	Process in accordance with Provider Selection Regime	No threshold

\*The levels are amended at a national level. Advice should be sought from the Procurement Department as to the correct limit to apply in each situation

<b>3A) Procurement Department Limits</b> <i>(note: These amounts set out the limits applicable to Procurement staff in executing orders that have been approved in accordance with sections 1,2,3&amp;4 of appendix 1 and Appendix 3)</i>	<b>Authorisation Level £ (excluding VAT)</b>
Buyer	10,000
Senior Buyer	50,000
Contracts Manager	100,000
Senior Contracts Manager	250,000
Head of Procurement	Unlimited

**Note: In the exceptional circumstances in which an authorised signatory wishes to delegate this responsibility to a more junior member of staff, this must be authorised by the Assistant Director-Financial Services/Financial Management (or above) for levels up to £200,000 (ex VAT) or by the Chief Finance Officer/Chief Executive if this is above £200,000.**

<b>4) Limits for entering of new contracts including products/services, maintenance, leases and managed services</b>		
<b>Level excluding VAT</b>	<b>a) If contract awarded to the lowest cost bidder</b>	<b>b) If contract is not awarded to the lowest cost bidder</b>
<b>£50,000 or below</b>	Main List signatory	Chief Finance Officer* or Chief Executive
<b>Above £50,000</b>	Main List signatory and an Executive Director	Chief Executive and Chief Finance Officer*
<b>Above £1m</b>	Approval by the Board	Approval by the Board

\*or in their absence Deputy Chief Finance Officer

<b>5) Limits for entering of existing contracts and covered by delegated budgets or within and managed services for financial plan. Include products, services, maintenance, leases which the Trust already has had a contract in place</b>		
<b>Level excluding VAT</b>	<b>c) If contract awarded to the lowest cost bidder</b>	<b>d) If contract is not awarded to the lowest cost bidder</b>
<b>£50,000 or below</b>	Main List signatory	Chief Finance Officer* or Chief Executive
<b>Above £50,000</b>	Main List signatory and an Executive Director	Chief Finance Officer* or Chief Executive
<b>Above £1m</b>	Main list signatory and Chief Finance Officer*	Chief Finance Officer* and Chief Executive

\*or in their absence Deputy Chief Finance Officer

**Appendix 2:**  
**FINANCIAL LIMITS CHARITABLE TRUST FUNDS**

<b>Authorisation Level £</b>	<b>Approval process</b>
Up to £5,000	To be authorised by the budget holder of the charitable fund
£5,000 to £10,000	A business case must be submitted to the Chief Finance Officer or Chief Executive for approval
Over £10,000	A business case must be submitted to the Charitable Funds Committee for approval. NB if there is not a forthcoming Charitable Trust Fund Committee, the business case must be submitted by e mail to the Charitable Trust Fund members for approval followed by ratification at the new Committee meeting.
Additional rules for Staff Appointments	All applications for funding that involve staff appointments must be submitted to the Charitable Funds Committee via the Chief Finance Officer using the prescribed staff appointments form (available from Finance).