

SOMERSET NHS FOUNDATION TRUST

STANDING FINANCIAL INSTRUCTIONS

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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 Improvement) 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 Musgrove Park Hospital, Taunton, Somerset, TA1 5DA.
- 1.3 The Trust is governed by the 2006 Act, as amended by the Health and Social Care Act 2012, its Constitution and NHS provider licence granted by the NHS Improvement the sector regulator. The functions of the Trust are conferred by the Regulatory Framework. The Regulatory Framework and in particular paragraph 1.3 of Annex 8 of the Constitution requires the Board of Directors of the Trust to adopt a Scheme of Delegation and Standing Financial Instructions (SFIs) as a comprehensive business framework for the regulation of its proceedings and business. Their content and approval are the sole responsibility of the Board of Directors and are not required to be submitted for approval to any group or organisation including NHS Improvement or the Council of Governors. The Trust’s Standing Orders are part of the Constitution.
- 1.4 The Trust is also required to comply with guidance issued by Monitor (NHS Improvement) including (but not limited to) the following:
- Code of Governance for NHS Foundation Trusts;
 - Managing Operating Cash in NHS Foundation Trusts;
 - Monitor & HM Treasury Approval for Special Payments;
 - The Asset Register and Disposal of Assets: Guidance for providers of CRS;
 - NHS Foundation Trust Accounting Officer Memorandum;
 - NHS Foundation Trust Annual Reporting Manual;
 - Prudential Borrowing Code for NHS Foundation Trusts;

- Quality Governance Framework;
- Risk Assessment Framework;
- Risk Evaluation for Investment Decisions by NHS Foundation Trusts;
- Roles and Responsibilities in the Approval of NHS Foundation Trust PFI Schemes;
- Transaction Manual for Providers and Commissioners of NHS Services Covering: Acquisitions, Divestments, Demergers, Joint Ventures, Franchises and Statutory Mergers;

including all amendments, replacements or modifications made and including any other guidance issued by NHS Improvement.

The Health and Social Care Act 2012 introduced changes in relation to private healthcare provision, thereby removing the former “private patient cap”. Foundation Trusts have an obligation to ensure that the total income derived from their principal purpose (to deliver goods and services for the purposes of the health service in England) is greater than their total income from the provision of goods and services “for any other purposes” including the provision of private healthcare.

- 1.5 These SFIs, together with the Standing Orders and the Scheme of Delegation, provide a comprehensive business framework for the functions of the Trust and have effect as if they all are incorporated into the Standing Orders. All Executive and Non-Executive Directors, and Officers should be aware of the existence of these documents and, where necessary, be familiar with the detailed provisions.
- 1.6 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.
- 1.7 These SFIs identify the financial responsibilities which apply to everyone working for the Trust and its constituent organisations including Trading Units. They do not provide detailed procedural advice. These statements should therefore be read in conjunction with the detailed departmental and financial procedure notes. **All financial procedures must be approved by the Director of Finance** or his/her nominated authorised deputy.

- 1.8 Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of the Director of Finance or nominated authorised deputy **must be sought before acting**. 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.

2. INTERPRETATION

- 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 Director of Finance) and the Chairman's decision shall be final and binding except in the case of manifest error.
- 2.2 Wherever a financial limit is stipulated but no value given, reference should be made to the Trust's decision on Financial Limits, which shall be issued to accompany the Standing Orders and the Standing Financial Instructions. The Board of Directors should periodically review the Financial Limits.
- 2.3 Any expression to which a meaning is given in the National Health Service Act 2006 shall have the same meaning in these instructions and in addition:

"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 Officer 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.

"Director of Finance"

means the Chief Financial 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.

“Internal Audit”

means the function described in SFI 4.3.

“Licence”

means the NHS Provider Licence issued by NHS Improvement in accordance with section 96(2) of the Health and Social Care Act 2012.

“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 Improvement”

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 Social Care Act 2012, from 1 April 2016.

"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 employee 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 2012, the Constitution and the NHS Provider Licence as issued by NHS Improvement.

“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.

“the 2006 Act”

means the National Health Service Act 2006.

"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.

2.4 Compliance – Failure to comply with Standing Financial Instructions and Standing Orders is a disciplinary matter that could result in dismissal

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

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 Director of Finance**

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 NHS Improvement and to Parliament for ensuring that the Board of Directors meets its obligation to perform its functions within the available financial resources. The Chief Executive Officer will at all times comply with the NHS Foundation Trust Accounting Officer Memorandum (April 2008). The Chief Executive has overall executive responsibility for the Trust's activities, is responsible to the Board of Directors 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 Director of Finance 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.

Director of Finance

3.2.4 The Director of Finance is responsible for:

- 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 Director of Finance include:
 - the provision of financial advice to the Trust, other Board of Directors and Officers;

- the design, implementation and supervision of systems of internal financial control; and
- 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.

Board Members and Officers

3.2.5 All Directors and Officers, severally and collectively, are responsible for:

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

Contractors and their employees

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

3.2.7 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 Director of Finance.

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 NHS Improvement or any other relevant body, which will provide and independent an 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 judgments;
 - 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; and
 - 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.
- 4.1.2 Where the Audit Committee feel 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 Director of Finance in the first instance). Exceptionally the matter may need to be referred to NHS Improvement.
- 4.1.3 It is the responsibility of the Director of Finance 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 Director of Finance**
- 4.2.1 The Director of Finance 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 NHS Improvement'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; liaising with NHS Improvement as appropriate;
- ensuring that an annual internal audit report is prepared for the consideration of the Audit Committee and the Board of Directors.

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 NHS Improvement 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 Director of Finance 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;
- 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.
- 4.3.2 Internal Audit shall also independently verify the controls assurance statements in accordance with guidance from NHS Improvement.
- 4.3.3 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 Director of Finance must be notified immediately.
- 4.3.4 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.
- 4.3.5 The Head of Internal Audit shall be accountable to the Chief Executive. The reporting system for internal audit shall be agreed between the Director of Finance, the Audit Committee and the 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 accordance with the NHS Standard Contract the Trust will comply with the conditions set out in 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 to take necessary action to meet the NHS Counter Fraud Authorities (NHSCFA) standards for NHS providers in line with the current strategy;
 - allow, if requested by coordinating commissioner or the NHSCFA, to allow a review of the counter fraud arrangements put in place by the provider and implement any modifications;
 - report any suspected cases of fraud to the Local Counter Fraud Manager and/or the NHSCFA;
 - 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 Director of Finance is accountable for the provision of strategic management for all counter fraud, bribery and corruption work. This includes the provision of assurance to the executive board in relation to the quality and effectiveness of the work undertaken.
- 4.4.3 The Trust has a nominated and accredited Counter Fraud Manager who reports directly to the Director of Finance to undertake the full range of counter fraud, bribery and corruption work. This includes both proactive and reactive work to prevent, deter and hold those who commit offences to account.
- 4.4.4 The Trusts' 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 discovering or suspecting a 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 Director of Finance, LCFM; 01935 384106 / 07867 526312 or the NHSCFA 0800 028 4060 (24 hours) or <https://cfa.nhs.uk/reportfraud>

Concerns may be reported anonymously to both the LCFM and the NHSCFA. If concerns are reported in respect of an area of business for which staff are responsible, or in the course of your official NHS duties, it is not usually appropriate to use this option.

4.5 **Security Management Service**

- 4.5.1 The Trust must put in place and maintain appropriate arrangements to address security management issues, having regard to NHS Security Management Standards.
- 4.5.2 NHS Protect (formerly responsible for NHS Security Management) has now relinquished this responsibility, however,
- The requirements of the NHS Standard Contract still apply; and
 - The NHS Protect Security Standards are still considered good practice.

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. The Auditor must ensure a cost efficient service and comply with NHS Improvement's Audit Code.

4.6.2 The Trust shall ensure that the Auditor is provided with every facility and all information which they may reasonably require for the purposes of their functions under Schedule 10 of the 2006 Act.

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 information security risks could impact the strategic goals 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 Director of Finance 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;

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

5.1.3 The Director of Finance 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 Director of Finance to enable budgets to be complied with.

5.1.5 The Director of Finance has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage 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 Director of Finance 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;
- 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 Director of Finance'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;
- 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 **Each budget holder is responsible for ensuring that:**

5.4.1 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.

5.4.2 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 put in the Scheme of Delegation.

5.4.3 No permanent Officers are appointed outside of the agreed funded establishment without prior approval from the Executive Team.

5.4.4 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 NHS Improvement and any other requisite monitoring organisation.

6. ANNUAL ACCOUNTS AND REPORTS

6.1 The Director of Finance, on behalf of the Trust, will:

- prepare financial returns in accordance with the accounting policies and guidance given by NHS Improvement, HM Treasury and the Department of Health, the Trust's accounting policies, and generally accepted accounting practice;
- submit annual financial reports to NHS Improvement certified in accordance with current guidelines;
- submit financial returns to NHS Improvement for each financial year in accordance with the timetable prescribed.

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.

6.2 The Trust will publish an annual report, in accordance with the Constitution and guidelines on local accountability and NHS Improvement's NHS Foundation Trust Annual Reporting Manual and send it to NHS Improvement and Parliament.

6.3 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 NHS Improvement.

7. BANK ACCOUNTS

7.1 General

7.1.1 The Director of Finance is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of accounts. This advice will take into account guidance issued from time to time by NHS Improvement.

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.

7.2 Bank and GBS Accounts

7.2.1 The Director of Finance is responsible for:

- bank accounts and Government Banking Service (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 NHS Improvement 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.
- 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 Director of Finance 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;

- the Director of Finance 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 Director of Finance 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 Director of Finance is also responsible for the prompt banking of all monies received.

8.2 Fees and charges

8.2.1 The Director of Finance is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health 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 Department of Health'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.

8.2.2 All employees must inform the Director of Finance 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 Director of Finance is responsible for the appropriate 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 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 Director of Finance 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;
- the provision of adequate facilities and systems for Officers to collect patient payments electronically either through physical card machines or virtual terminals;
- 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.

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 Director of Finance.

8.5.3 All Officers who 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 Director of Finance. Loss of any key should be reported immediately to the Director of

Finance. 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 two Officers (where possible) and all cash, cheques, postal orders and other forms of payment shall be entered immediately in an approved form or remittance register, which should be countersigned by a senior Officer.
- 8.5.5 An official receipt will be made out for all cash receipts when requested, 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 Director of Finance 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 shall normally be retained by the Trust's bankers and released by them only against a requisition signed by the Director of Finance or a nominated Officer.
- 8.5.9 The use of a cheque signing machine and/or cheques with a preprinted signature included shall be subject to such special security precautions as may be required from time to time by the Director of Finance.
- 8.5.10 Staff shall be informed on their appointment of their responsibilities and duties for the collection, handling or disbursement of cash and cheques.
- 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.

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 Director of Finance 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.

9.3 Inactive suppliers

9.3.1 The Director of finance 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 Director of Finance 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 follow this up by confirming all changes by telephone using details already held. Monthly reports are run from our system to audit these bank changes.

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 shall 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 Clinical Commissioning Groups (CCGs) 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;
- any model contracts issued by NHS Improvement or the Department of Health.

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;
 - 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, EMPLOYEES, VOLUNTEERS, OFF-PAYROLL WORKERS AND OFFICERS

11.1 Remuneration and Terms of Service

- 11.1.1 In accordance with SOs the Board of Directors shall establish a Remuneration and Terms of Service 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 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 Remuneration Committee shall be recorded in the minutes of the meetings.

- 11.1.4 The 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 as is appropriate.
- 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 manpower 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 **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 their 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 Director of Finance 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 Director of Finance 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; and
- a system to ensure the recovery from leavers of sums of money and property due by them to the Trust;
- 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 Director of Finance's instructions and in the form prescribed by the Director of Finance, 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 Director of Finance must be informed immediately.

- 11.4.4 Regardless of the arrangements for providing the payroll service, the Director of Finance shall ensure that the chosen method is supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures and 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 Director of People and Organisational Development 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 with 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 Trusts 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 3 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), shall 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 Director of Finance (and/or the Chief Executive) shall be consulted.

12.2.2 The Director of Finance 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 Director of Finance 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 reviewed in line with guidance and policy. 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:
 1. a list of Directors/ Officers (including specimens of their signatures) authorised to certify invoices;
 2. certification that:
 - goods have been duly received, examined and are in accordance with;
 - specification and the prices are correct;
 - work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;

- in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets; the rates of labour are in accordance with the appropriate rates; the materials have been checked as regards quantity, quality, and the price and the charges for the use of vehicles, plant and machinery have been examined;
 - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
 - the account is arithmetically correct;
 - the account is in order for payment;
3. a timetable and system for submission to the Director of Finance of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment;
 4. 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)
 - 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 Net Present Value 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 their commitments;
- the Director of Finance 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 Director of Finance, 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 Director of Finance 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 Director of Finance in advance of any commitment being made contracts above specified thresholds are advertised and awarded in accordance with the EU rules on public procurement;
- where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by NHS Improvement;
- If Trust employees, 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 in the NHS' 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.
- no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Director of Finance on behalf of the Chief Executive;
- all goods, services, or works are ordered on an official order except works and services executed in accordance with a contract 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 Director of Finance;
 - purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance.
 - petty cash records are maintained in a form as determined by the Director of Finance.
- 12.6.2 The Director of Finance shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with any DH 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 Director of Finance which shall be in accordance with these Acts.

14. EXTERNAL BORROWING

14.1 Prudential Borrowing Code

- 14.1.1 The Prudential Borrowing Code will determine the Prudential Borrowing Limit. The Trust must not borrow outside of the limit imposed by NHS Improvement in the NHS Provider Licence as amended by annual review.

14.2 **Public Dividend Capital**

- 14.2.1 The Director of Finance 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, within the limits set by its Licence and the Prudential Borrowing Code for NHS Foundation Trusts. The Director of Finance 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 contain the Chief Executive and the Director of Finance.
- 14.2.3 The Director of Finance 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 NHS Improvement.
- 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 Director of Finance. The Board of Directors must be made aware of all short-term borrowings at the next Board meeting.
- 14.2.6 Temporary cash surpluses must be held only in such public or private sector investments as notified by NHS Improvement and/or the Secretary of State and in accordance with the Treasury Management policy.
- 14.2.7 The Director of Finance 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 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 purchaser(s) support and the availability of resources to finance all revenue consequences, including capital charges

15.1.1 For every capital expenditure proposal the Chief Executive shall

- Ensure that a business case (in line with the guidance contained within the Compliance Framework and the Best Practice Guidance in Making investments for NHS Foundation Trusts and any other guidance published by NHS Improvement) is produced setting out;
- An option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs; and appropriate project management and control arrangements;
- The involvement of appropriate Trust personnel and external agencies;
- That the director of finance has certified professionally to the costs and revenue consequences detailed in the business case;

15.1.3 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of "CONCODE" (guidance to NHS organisations on managing their estate, including acquisitions and disposals of owned or leased land and property).

- 15.1.4 The Director of Finance shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.
- 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;
 - approval to accept a successful tender.
- 15.1.6 The Chief Executive shall issue a Scheme of Delegation for capital investment management in accordance with “Protection of Assets Guidance for NHS Foundation Trusts” issued by Monitor, “Estatecode” guidance and the SOs.

The Director of Finance shall:

- issue 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 NHS Improvement 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 NHS Improvement in “Risk Evaluation for Investment Decisions by Foundation Trusts”.
- ensure 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 Director of Finance 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 NHS Improvement;
- 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 Director of Finance concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted once a year.
- 15.3.2 The Trust shall maintain an asset register recording fixed 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 fixed 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 Director of Finance shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 15.3.8 The value of each asset shall be indexed to current values in accordance with methods specified in the Annual Reporting Manual issued by NHS Improvement.

15.3.9 The value of each asset shall be depreciated using methods as specified in the Annual Reporting Manual issued by NHS Improvement.

15.3.10 The Director of Finance shall calculate and pay capital charges as specified in the Annual Reporting Manual issued by NHS Improvement.

15.4 **Assets used for Commissioner Requested Services**

15.4.1 A register of assets used for the provision of commissioner requested services is required to be maintained in accordance with requirements issued by NHS Improvement.

15.4.2 The Trust, as Licensee, shall not dispose of or relinquish control over, any relevant assets except with the consent in writing of NHS Improvement and in accordance with the provisions of the licence.

15.4.3 An annual plan will be produced which will include proposed changes in the treatment of such assets, and proposed disposals and acquisitions.

15.5 **Security of Assets**

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

15.5.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Director of Finance. 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;
- reporting, recording and safekeeping of cash, cheques, and negotiable instruments.

- 15.5.3 All discrepancies revealed by verification of physical assets to the fixed asset register shall be notified to the Director of Finance.
- 15.5.4 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

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

- kept to a minimum;
- subjected to annual stock take;
- valued at the lower of cost and net realisable value.

16.1 Control of Stores, Stocktaking, condemnations and disposal

- 16.1.1 Subject to the responsibility of the Director of Finance 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 Director of Finance. 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.
- 16.1.2 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".
- 16.1.3 The Director of Finance shall set out procedures and systems to regulate the stores, including records for receipt of goods, issues, and returns to stores, and losses.

- 16.1.4 Stocktaking arrangements shall be agreed with the Director of Finance and there shall be a physical check covering all items in store at least once a year.
- 16.1.5 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Director of Finance.
- 16.1.6 The designated Officer shall be responsible for a system approved by the Director of Finance 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 Director of Finance 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.
- 16.1.7 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 Director of Finance 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 Director of Finance must prepare detailed procedures for the disposal of assets in accordance with the Regulatory Framework and guidance issued by NHS Improvement, 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 Director of Finance 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 Director of Finance.
- 17.1.4 Recorded by the condemning Officer in a form approved by the Director of Finance 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 Director of Finance.

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 Director of Finance who will take the appropriate action.

17.2 Losses and Special Payments

17.2.1 The Director of Finance 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 NHS Improvement, and the Treasury, the Audit Committee 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 Director of Finance 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 Director of Finance should consider whether any insurance claim can be made.

17.2.5 The Director of Finance 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 NHS Improvement/Treasury.

18. INFORMATION TECHNOLOGY

18.1 Responsibilities and duties of the Director of Finance

18.1.1 The Director of Finance, 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 is 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 Finance shall satisfy him/herself that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, 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 Finance:
- details of the outline design of the system;
 - 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 Finance 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 Finance shall periodically seek assurances that adequate controls are in operation.
- 18.4 **Risk Assessment**
- 18.4.1 The Director of Finance shall ensure that risks to the Trust arising from the use of IT are effectively identified and considered and appropriate action 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 Finance shall satisfy him/herself 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 Director of Finance/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 Finance 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 Finance will ensure that separate control procedures are put in place for computer systems. This procedure will include:
- the acquisition and disposal of IT, systems and equipment;
 - the decommissioning of systems containing confidential data; and in accordance with guidance issued by NHS Improvement and the Department of Health.

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;
 - 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.

- 19.3 The Director of Finance 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 NHS Improvement's instructions require the opening of separate accounts for patients' moneys, these shall be opened and operated under arrangements agreed by the Director of Finance.
- 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 NHS Improvement 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 regularly in accordance with the business requirements of the Trust and the Charitable Funds.

20.2 Existing Donated Funds

- 20.2.1 The Director of Finance shall arrange for the administration of all existing donated funds. The Director of Finance shall ensure that written instructions exist for every donated fund and shall produce detailed procedures covering every aspect of the financial management of donated funds, for the guidance of all Officers. Such guidelines shall identify the restricted nature of certain funds.
- 20.2.2 The Director of Finance 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 Director of Finance 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 Donated Funds

- 20.3.1 The Director of Finance shall arrange for the creation of a new donated 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 Director of Finance shall present the governing document to the Board for each new donated fund. Such a document shall clearly identify, inter alia, the objects of the new donated fund, the capacity of the Trust to delegate powers to manage and the power to assign the residue of the donated fund to another fund contingent upon certain conditions, eg, discharge of original objects.

20.4 Sources of New Funds

20.4.1 In respect of Donations, the Director of Finance 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.
- 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 Legacies and Bequests, the Director of Finance 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.

20.4.3 In respect of Fund-raising, the Director of Finance shall:

- deal with all arrangements for fund-raising 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 Finance shall be the only Officer empowered to give approval for such fund-raising 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.

20.4.4 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 Director of Finance 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 Finance 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;
- 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 Director of Finance 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 Director of Finance 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 Director of Finance 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;
- 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 Director of Finance 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 Director of Finance shall prepare annual accounts in the required manner which shall be submitted to the Board within agreed timescales.
- 20.9.3 The Director of Finance 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 Director of Finance 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 Director of Finance shall ensure that the records, accounts and returns receive adequate scrutiny by internal audit during the year. The director of Finance will liaise with external audit and provide them with all necessary information.
- 20.9.6 The Board shall be advised by the Director of Finance 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. ACCEPTANCE OF GIFTS

- 21.1 The Director of Finance shall ensure that all Officers are made aware of the Trust policy on acceptance of gifts and other benefits in kind by Officers. This policy should follow the guidance contained in the Department of Health 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 must be made online via <https://spft.mydeclarations.co.uk/login>
- 21.3 Any 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 archives for all document required to be retained under the direction contained in Parts 1 and 2 of "Records Management: NHS Code of Practice (April 2006) (the

“Records Management Code”).

- 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 Governance and Corporate Development 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 NHS Improvement 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;
- 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 Director of Finance should consult the NHS Resolution.
- 24.7 Where the Board decides to use the risk pooling schemes administered by the NHS Resolution the Director of Finance shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Director of Finance shall ensure that documented procedures cover these arrangements.
- 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 Director of Finance shall ensure that the Board is informed of the nature and extent of the risks that are self-insured as a result of this decision. The Director of Finance will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses 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 Director of Finance should ensure documented procedures also cover the management of claims and payments below the deductible in each case.

SOMERSET NHS FOUNDATION TRUST FINANCIAL LIMITS – EASY REFERENCE GUIDE

Financial Limit £	Ordering Goods & Services and Authorising Payments	Capital Expenditure	Charitable Funds	Sale of Equipment	Income in dispute (credit note)	Losses Write – off/Special Payments
0 ↓	Authorised signatory	Capital Progress Groups for schemes and variances up to £150,000	Charitable Fund Budget Holder	Business, General Managers and Directors	Head of Financial Services	Head of Financial Services/ Deputy Director of Finance
250				As above with written quotations		
1,000 ↓	Budget Holders			As above with prior approval by Director of Finance		
5,000 ↓	Directorate Managers		Director of Finance	Director of Finance		Director of Finance
10,000 ↓						
50,000 ↓	Board Directors /Head of Financial Services/ Management	Trust Board	Charitable Fund Committee	Trust Board to declare surplus followed by full tendering procedure	Deputy Director of Finance	Audit Committee
100,000 ↓	Deputy Director of Finance					
150,000 ↓						
> 750,000 ↓	Director of Finance/ Chief Executive					

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:

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

2) Authorisation Limits For ordering (iProcurement)	Authorisation Level £ (excl VAT)
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
Directorate Managers or equivalent (including Pharmacy)	50,000
Board Director	100,000
Assistant Director of Finance	100,000
Deputy Director of Finance	750,000
Director of Finance/Chief Executive	Over 750,000

3) Procurement Limits	Authorisation Level £ (excl VAT)
Request for Quotation	10,000
Request for Tender	50,000
Requiring advertisement in Find a Tender	Current limit *

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

3A) Procurement Department Limits <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&4 of appendix 1 and Appendix 3)</i>	Authorisation Level £ (ex VAT)
Buyer	10,000
Senior Buyer	50,000
Procurement Senior Management Team	100,000
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 an Assistant Director of Finance (or above) for levels up to £200,000 (ex VAT) or by the Finance Director / Chief Executive Officer if this is above £200,000.

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

5) Limits for entering of <u>existing</u> contracts and covered by delegated budgets or within financial plan. Include products, services, maintenance, leases and managed services for which the Trust already has had a contract in place		
Level inc VAT	c) If contract awarded to the lowest bidder	d) If contract is not awarded to the lowest scored bid
£50,000 or below	Main List signatory	Director of Finance or Chief Executive
Above £50,000	Main List signatory and an Executive Director	Director of Finance or Chief Executive
Above £100,000	Main list signatory and Director of Finance	Director of Finance or Chief Executive

Refer to the Scheme of Delegation for Procurement policies and procedures.

Appendix 2:

FINANCIAL LIMITS CHARITABLE TRUST FUNDS

Authorisation Level £	Approval process
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 Finance Director or Chief Executive for approval
Over £10,000	A business case must be submitted to the Charitable Funds Committee for acceptance followed by approval by the Board. 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 acceptance followed by Board approval.
Additional rules for Staff Appointments	All applications for funding that involve staff appointments must be submitted to the Trust Executive Committee (TEC) via the Director of Finance using the prescribed staff appointments form (available from Finance) before following the authorisation limits as above.