

Standing Financial Instructions

CG101

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Preface

In this update to the Standing Financial Instructions the document has been structured into:

- Section 1: that part that is relevant to all directors, staff, **officers** and agents (pages 4 to 14); and
- Section 2: that part that is relevant just to the Chief Executive (CEO) and Director of Finance (DoF) (pages 15 to 31); and
- appendices

We hope that this makes the document an easier read for users and therefore easier to understand and apply.

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Section 1

Introduction including definitions

This section is applicable to all readers of this document.

Purpose

These Standing Financial Instructions (SFIs) are issued for the regulation of the conduct of the Foundation Trust (including its subsidiary and charity), its Directors, staff, **officers** and agents in relation to all financial matters.

HM Treasury “Managing Public Money” sets out that the principles for managing public resources run through many diverse organisations delivering public services in the UK. The requirements for the different kinds of body reflect their duties, responsibilities and public expectations. The demanding standards expected of public services are:

Honesty	Impartiality	Openness	Accountability	Accuracy
Fairness	Integrity	Transparency	Objectivity	Reliability
<i>Carried out</i>				
<ul style="list-style-type: none"> • in the spirit of, as well as to the letter of, the law • in the public interest • to high ethical standards • achieving value for money 				

These SFIs explain the financial responsibilities, policies, processes and procedures adopted by the Trust. They are designed to ensure that its financial transactions are carried out in accordance with the law, Government policy and best practice in order to achieve probity, accuracy, economy, efficiency and effectiveness in the way in which the Trust manages its finances.

They identify the financial responsibilities which apply to everyone working for or on behalf of the Trust.

They do not provide all the detailed procedural advice. These statements must therefore be read in conjunction with the detailed financial procedure notes and other policies referred to within this document. All Trust policies are available on the Trust internal website or from the finance function. All financial responsibilities, policies, processes and procedures relating to the Trust and subsidiaries must be approved by the Director of Finance.

Authority and compliance

These SFIs have been compiled under the authority of the Board of Directors of the Foundation Trust. They have been reviewed by the Trust Audit and Risk Committee and by the full Board of Directors and have their full approval. All staff employed by the Trust will comply with these

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instructions at all times. Failure to comply will result in disciplinary action up to and including dismissal. These SFIs supersede all previous editions.

All breaches of these regulations, including evidence of fraud or irregularity will be investigated in accordance with the Trust's Human Resources and Local Counter Fraud Policy (CG155). Any significant breaches of Financial Regulations will be referred to the Director of Finance and the Audit and Risk Committee. The Director of Finance will consider the necessary course of action, which may in certain circumstances include taking disciplinary action.

In the event that a staff or Board member becomes aware of an irregularity or breach of any of the SFIs, or systematic breach or abuse of the levels of delegated authority, and is concerned about the reporting or notification of such actions through the normal management channels, the Trust has a clear 'Raising Concerns at Work (Whistleblowing) Policy (CG055)' on the intranet which should be followed in such circumstances.

All such matters will be reported to Audit and Risk Committee by the Director of Finance.

Certification

All **Officers** with iproc authority and all **Officers** who are cost centre managers will be required to certify that they have read, understood and will comply with these SFI's.

Definitions

CEO	Chief Executive Officer
DOF	Director of Finance
HMRC	Her Majesty's Revenue and Customs
PO	Purchase Order
Employee	An officer who is paid through the Trust payroll system
Officer	All employees , temporary staff, agency staff or self-employed consultants of the Trust, including nursing and medical staff, and consultants practising upon Trust premises for whatever reason.
Scheme of Delegation	The system of delegated powers from the Board of Directors to enable appropriate officers of the Trust to manage the day to day activities.
Trust Approved Procurement Systems	Oracle i-procurement; JAC; Atticus; NHS Supplies; NHS Professionals

Wherever the title **CEO**, **DOF**, or other nominated **officer** is used in these instructions, it should be deemed to include such other **officers** who have been duly authorised to represent them.

However, it is a fundamental tenet of these instructions that no **officer** of the Trust is empowered in any way to provide authorisation to represent themselves to persons who are not under their organisational control, unless specifically authorised within these SFIs.

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Powers of Authority and Delegation

This section is applicable to all readers of this document.

Principles of delegated powers of authority and Schemes of Delegation

The Board of Directors will delegate responsibility for the performance of its functions in accordance with the Scheme of Delegation adopted by the Trust. The Board of Directors have determined that they shall reserve for their sole approval certain financial transactions based around types or values as set out in the Scheme of Delegation.

Those aside, all executive powers are vested in the **CEO**, who in turn will provide delegated powers to relevant **officers**. The **CEO** and **DOF** will, where appropriate, delegate their detailed responsibilities but will remain accountable for financial control.

The Scheme of Delegation is a collection of schedules setting out various powers of authority delegated to a post holder. The first schedule sets out Board of Directors powers and the extent to which they are delegated to the **CEO** and other Executive Directors. Separate schedules will be retained by the **DOF** setting out the powers delegated to identify post holders. A full record of each scheme of delegation will be reviewed at least annually to ensure all authorised individuals understand and are fulfilling their responsibilities.

Board of Directors

The Board of Directors have retained sole rights to approve all financial transactions with a value in excess of the level specified for this purpose in the Scheme of Delegation, subject to the exclusion of any item covered by specific delegated authority. This applies to individual transactions and to term contracts for the provision of goods, services or capital works over a period of time.

The only exception to this instruction is on the extremely rare occasions where time is a critical factor. Then the Board of Directors can instruct the **CEO** to approve specified transactions that are required in the interest of the Trust. In such circumstances the **CEO** must provide a full report to the Board of Directors at the next available opportunity.

The Board of Directors acts as corporate trustee for all charitable funds. The Board of Directors delegates the management of the charitable funds to the Charity Committee.

The Board of Directors are responsible for ensuring appropriate governance arrangements are in place for the Trust's wholly owned subsidiary company, Healthcare Facilities Management Services Limited.

The Board of Directors will maintain adequate policies and safeguards to prevent bribery and ensure compliance with the requirements of the Bribery Act 2010. (nb. The key policies affected are those relating to gifts/hospitality/sponsorship; staff recruitment and disciplinary; declarations of interests, gifts and hospitality).

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Chief Executive

Within the SFIs, it is acknowledged that the Board of Directors is responsible for ensuring that the Trust meets its obligation to perform its functions within the available financial resources. The **CEO** has overall executive responsibility for the Trust's activities and is responsible to the Board of Directors for ensuring that its financial obligations and targets are met. Further, the **CEO** is recognised by Statute as the Accounting Officer of the Trust and as such can be called upon to report to Parliament for all actions undertaken by the Trust.

Save for the requirements under Board of Directors powers, the **CEO** is provided with full operational powers to approve financial transactions within the Trust and to delegate such powers as per the Scheme of Delegation.

Director of Finance

The **CEO** delegates powers to the **DOF** in his/her role as a first line budget holder responsible for the Finance Directorate. In addition to these, the **DOF** is provided with further powers to manage the approval of financial transactions initiated by other directorates across the Trust, and other financial transactions on behalf of the Trust.

The Board of Directors instruct that the **DOF** is required to implement the Trust's financial policies, ensure that detailed financial procedures and systems are established, incorporating the principles of separation of duties and internal control to supplement these instructions, and ensure that sufficient records are maintained to show and explain the Trust's transactions, in order to disclose the financial position of the Trust at any time.

In relation to any **officer** who is involved in a financial or procurement process or function, the **DOF** shall set out the requirements, the manner in which the **officer** discharges his/her duties and the form in which financial records are kept. All finance and procurement processes must be to the standard and satisfaction of the **DOF**.

In addition to these, the **DOF** is provided with further powers to control the approval of financial transactions relating to the Trust capital programmes, in accordance with the Schemes of Delegation.

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Corporate responsibilities of all Trust employees and staff

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The SFIs set out specific Trust policies and procedures across a number of areas and all **officers** must comply with these requirements in all cases. Where exceptions are deemed necessary, prior approval from the **DOF** must be obtained, as set out in the SFIs.

It is not possible to govern all the financial affairs of the entire Trust through a single set of instructions. Therefore, these Instructions make reference in a number of areas where it is considered appropriate for the **CEO** or the **DOF** to develop, on behalf of the Trust, a series of detailed policies, procedures and processes, which are not included in these Instructions. In such cases it is the responsibility of all **employees** of the Trust to ensure they understand fully the existence, contents and requirements of all such policies and procedures and to comply with them on the basis that they have received full authority from the Board of Directors.

Guidance on the existence and relevance of policies and procedures to specific situations is available on the Trusts internal website or is available from the **CEO**, the **DOF** or the Deputy Director of Finance. If you are unsure as to the most appropriate course of action in a particular situation then consult one of these sources, especially so if you are about to make a financial commitment on behalf of the Trust, because breach of these requirements will be regarded as a disciplinary offence.

You must comply with principles of Public Sector Values

You should be committed to the highest standards of corporate and personal conduct in all aspects of their work within the Trust, based on recognition of public service values. There are three crucial public service values which must be understood and accepted by everyone working in the Trust:

- **Accountability** - everything done by those who work in the Trust must be able to stand the test of parliamentary scrutiny, public judgements on propriety and professional codes of conduct.
- **Probity** - there is a requirement for an absolute standard of honesty in dealing with the income, assets and financial interests of the Trust. Integrity should be the hallmark of all personal conduct in decisions affecting patients, staff and suppliers, and in the use of information acquired in the course of Trust duties.
- **Openness** - there must be sufficient transparency about Trust activities to promote confidence between the Trust and its staff, patients and the public. All staff must disclose possible conflicts of interest.

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You have a duty of stewardship

Proper stewardship requires value for money to be high on the agenda of the Board of Directors and all **officers**, so:

You must

- **Safeguard the Trust's financial resources.** Financial resources may take the obvious tangible form of fixed assets, income and cash as well as others that are less clear, such as lost or foregone income through failure to notify income sources or lost opportunities to earn or recover income due to the Trust.
- **Conduct Trust business as efficiently, effectively and economically** as possible.
- **Comply with the Trust's policies and processes** covering all aspects of money, assets and other Trust resources.
- **Avoid unauthorised acts** that may result in the Trust incurring liabilities (directly or indirectly) or which may diminish the value of any of the Trust's assets (including the Trust's brand or reputation).
- **Report all new income sources** immediately to the **DOF**.
- Inform the **DOF** promptly of any and all money due arising from transactions which they deal with, including contracts, leases, tenancy agreements, private patients and other transactions.
- **report damage to or losses** of the Trust's premises, assets, supplies or other resources must be reported to the **DOF** immediately in accordance with procedures of Losses and Special Payments.
- Inform either the **DOF** or the Local Counter Fraud Officer if you discover or suspect a loss that you think may be fraud. You should fully understand the Trust's Human Resources and Local Counter Fraud Policy (CG155).
- **Send all signed copies of contracts** (however described) are lodged with Procurement within one month of formal approval.
- Only order goods and services through the Trust's Approved Procurement Systems (unless authorised in writing by the DOF to do otherwise).

You must not

- **Incur expenditure for which there is not an approved budget**, unless authorised to do so by the **DOF**, **CEO**, or Board of Directors, as appropriate.
- **Use a budget for a purpose other than that for which it was provided**, unless authorised to do so by the **DOF**, or **CEO**, as appropriate.
- Approve any contract or transaction which **binds the Trust** to credit finance commitments without the clear written prior authority of the **DOF**. This includes all Executive and Care Group Directors of the Trust and all other **officers**.
- Order any goods or services, including agency staff, other than by using one of the Trust Approved Procurement Systems, unless previously authorised to do so by the **DOF**.
- Order goods or services **directly from suppliers**. Procurement will negotiate contracts which will provide catalogues of goods and services, from which orders may be raised. These instructions provide clear guidance on purchasing and contract tendering and these must be followed. In exceptional circumstances, where senior **officers** of the Trust wish to operate direct ordering procedures, the approval of the **CEO** and **DOF** must be obtained.

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You must

- Upon delivery of goods or services immediately record the receipt on the relevant Trust Approved Procurement System.
- Quote a valid Trust PO number to suppliers when placing an order for goods or services.
- Comply with the Trust's Guidance on Hospitality, Gifts & Commercial Sponsorship.

You must not**Unofficial funds**

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.

Non-exchequer funds (eg ward funds and funds from donated sources)

Where **officers** of the Trust wish to manage non-exchequer Trust funds such as ward funds or funds from donated sources, they are required to operate under the control of the Trust Charitable Funds who will operate the accounts on their behalf. All funds donated must be passed to Finance (either to the Cash Office or to the Finance Department) and only banked in the Trust Charitable Funds. No donations shall be passed to another charitable fund. It is not appropriate for any **officer** of the Trust to hold any such account in their own names as it creates a lack of openness in the handling of such funds and may allow that **officer's** integrity to be called into question.

The only exception to the above will be where the **DOF** has expressly issued written authorisation to **officers** to maintain accounts which have been deemed acceptable, such as accounts for social or sports clubs. The **DOF** will maintain a register of such accounts, and the details will be reported annually to the Audit and Risk Committee.

Compliance with rules of delegated powers of authority

The Board of Directors has absolute authority for the conduct of the financial affairs of the Trust, but has established a system of delegated powers to enable appropriate **officers** of the Trust to manage the day to day activities. This system of delegated powers is referred to throughout these Instructions as the Scheme of Delegation.

The detailed scheme of delegation, including lower level authorities, must be approved by the **DOF** and a full register will be maintained by the **DOF**.

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The principles of the Scheme of Delegation

- Approval limits will be determined based on an assessment of need in each specific area.
- An **officer** who is not an **employee** cannot hold responsibility for approvals unless pre-authorised by the **DOF**.
- All delegated powers must remain within the limits set out in Scheme of Delegation.
- An **officer** must not approve a transaction outside their written delegated power.
- A power is delegated on condition that it cannot be further delegated at that same level of power, except in cases of temporary holiday cover, when it can be delegated to another **officer** who already holds delegated power at that level. Delegation over and above this must be requested in writing in advance to the **DOF**.
- Only the **DOF** may delegate powers to **officers** outside of his/her direct control.
- All proposed powers, or variation to powers, of delegation, other than temporary holiday cover, must be provided in writing and duly authorised by the **DOF**.
- **Officers** with delegated authority on iproc must set up in advance a vacation rule for periods they will be absent from the office.
- Applications for other short term powers must be requested in writing by the delegating officer, and approved by the **Director of Finance** prior to the period for which approval is sought.
- Only the **CEO** and **DOF** are authorised to sign and authorise extensions to supplier contracts.
- Where a member of the Board of Directors is through incapacity unable to utilise their authority or appropriate delegation, the **CEO** and **DOF** will implement an interim arrangement until the next available Board Meeting. At that meeting a formal arrangement will be agreed.
- If the **CEO** is incapacitated the Chairman and **DOF** will implement an interim arrangement until the next available Board Meeting. At that meeting a formal arrangement will be agreed.
- The **DOF** may reject any delegation of powers if in his opinion, there is a financial risk to the organisation or it may result in a reduction of financial control or it may affect the Trust reputation with respect to counter-fraud.

Failure to comply with these principles, or a material breach thereof, will be recognised as a disciplinary offence. Where such a breach results in clear financial loss, the employee may be personally liable to compensate the Trust.

Tendering and contracting for goods and services

The instructions in this section concern purchasing decisions for goods and services required where the Trust needs to enter into formal tendering and contractual arrangements.

All purchasing must be undertaken through one of the Trust Approved Purchasing Systems, unless explicit approval to alternative arrangements have been agreed in advance by the **DOF**.

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The **DOF** shall advise the Board of Directors regarding the setting of thresholds above which quotations or formal tenders must be obtained. This will take into account legal requirements to comply with European Community and GATT rules on public procurement. These shall be set out within Schemes of Delegation (See Table 2).

The **DOF** shall be responsible for establishing appropriate procedures to ensure that competitive tenders are invited for the supply of goods and services under contractual arrangements wherever possible. These shall include the procedures to be followed in the event of competitive tendering of in-house services. In such circumstances it must be ensured that no member of the in-house tender group may participate in the evaluation of the tender.

The **DOF** shall maintain lists of firms from whom the Trust may invite tenders and quotations. These lists shall be kept under frequent review and shall include all firms who have applied for permission to tender. The Trust will undertake appropriate compliance vetting of suppliers invited to supply goods and services to the Trust. In addition all firms will be assessed by Finance on their technical and financial competences. In this regard, the **DOF** shall be responsible for establishing procedures to carry out financial appraisals, and shall instruct the appropriate requisitioning directorate to provide evidence of technical competence.

Where there are no, or insufficient, contractors listed which are suitable to be invited to tender for a particular contract, only after receipt of evidence as to their technical and financial competence will a contractor be invited to tender and be selected for inclusion on the list.

The **DOF** shall be consulted as regards financial competence and a suitable **officer** within the Finance Directorate who will provide advice on financial status and recommended contract limits. Where there are no, or insufficient, contractors listed which are suitable to be invited to tender for a particular contract, any contractor invited to tender shall only be selected for invitation after receipt of evidence as to its technical and financial competence and inclusion on the approved list.

All contract negotiations must be undertaken with the involvement of a member of the Procurement Team.

All **employees** must demonstrate effective and efficient use of resources in awarding contracts, ideally through the use of competitive selection. Where by exception it is considered competitive selection to be inappropriate, undesirable or not possible, approval for single quote exercises in accordance with financial limits set out under the Scheme of Delegation may be requested in writing to the **DOF**. These powers are provided by the **CEO** and it is expected that they shall be exercised in exceptional cases only.

The **DOF** shall advise the Board of Directors of circumstances where it would be appropriate for goods or services to be obtained under contract from sources that have not been subject to competitive selection. For details of the grounds when single quote actions may be authorised see Director of Finance Responsibilities in Section 2 of this document

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Stores

All **employees** with day-to-day responsibility for stores shall ensure systems are in place to minimise any losses from obsolete, slow moving or unserviceable items. The **DOF** shall ensure a system is in place to review stockholdings for slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. All **employees** shall report to the **DOF** any evidence of significant overstocking and of any negligence or malpractice. Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods. All write offs must be approved by the **DOF** and reported to the Audit and Risk Committee at least annually.

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Section 2

Responsibilities of the Chief Executive

Annual plan

The **CEO**, with the assistance of the Commercial Director and **DOF**, shall compile and submit to the Board of Directors strategic plans and operational plans as required by the Board of Directors and which meet the requirements of the Independent Regulator (as described in Monitors published Guidance, Directions and Risk Assessment Framework).

The operational plan shall be reconcilable with the annual submission of Monitor's Operational, Strategic and Financial proforma in its Annual Plan Review.

The **CEO** shall require the **DOF** to report to the Board of Directors any significant in-year variance from the budget and to advise the Board of Directors on action to be taken.

The **DOF** shall also be required to compile and submit to the Board of Directors, any and all such financial estimates and forecasts, of both revenue and capital nature as may be required from time to time. As a consequence, the **DOF** shall have full and complete right of access to all budget holders on financial related matters.

All Officers shall provide the **DOF** with all financial, statistical and other relevant information as necessary for the compilation of such budgets, estimates and forecasts, in accordance with the timetable required by the **DOF**.

Budgets

The **DOF** shall, on behalf of the **CEO**, and in advance of the financial year to which they refer, prepare and submit all revenue and capital budgets within the forecast limits of available resources and planning policies to the Board of Directors for its approval.

The **CEO** shall require the **DOF** to devise and maintain systems of budgetary control. All **officers** shall comply with the requirements of those systems. The systems of budgetary control shall incorporate the reporting of, and investigation into, financial, activity or workforce variances from budget.

The **DOF** shall be responsible for providing budgetary information and advice to enable the **CEO** and other **officers** to carry out their budgetary responsibilities.

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The **CEO** may delegate management of a budget or part of a budget to **officers** to permit the performance of defined activities. The Scheme of Delegation shall include a clear definition of individual and group responsibilities for control of expenditure, exercise of virement, achievement of planned levels of services and the provision of regular reports upon the discharge of those delegated functions to the **CEO**. In carrying out their duties no **officers** shall exceed the budgetary limits set them by the **CEO**.

Except where otherwise approved by the **CEO**, taking account of advice of the **DOF**, budgets shall be used only for the purpose for which they were provided and any budgeted funds not required for their designated purpose shall revert to the immediate control of the Trust.

Expenditure for which no provision has been made in an approved budget and which is not subject to funding under the delegated powers of virement shall only be incurred after authorisation by the **CEO** and **DOF** or the Board of Directors as appropriate.

The **DOF** shall keep the **CEO** and the Board of Directors informed of the financial consequences of changes in policy, pay awards and other events and trends affecting budgets and shall advise on the financial and economic aspects of future plans and projects.

Any in year changes to budgets must be approved in advance by the **DOF**, or by the Deputy **DOF** or a Care Group **DOF**, as set out separately in the delegation of authority for budget virements.

Contracts for the provision of healthcare services

The Board of Directors will approve standard terms and conditions for legally binding contracts, on the basis of which the Trust will provide healthcare services. Any variations to the standard terms and conditions will be approved in accordance with the Scheme of Delegation. The **CEO** is responsible for negotiating contracts for the provision of services to patients in accordance with the budget. In carrying out these functions, the **CEO** should take into account the advice of the **DOF** regarding costing and pricing of services, and both the Commercial Director and Finance Director on matters relating to payment terms and conditions of service agreements.

Contracts should be as devised as to achieve activity and performance targets, minimise risk, and to maximise the Trust's opportunity to generate income.

The Trust will produce a reference cost tariff in accordance with NHS guidelines.

The Trust will comply with the Department of Health Guidance on setting prices for the provision of NHS healthcare (i.e. Payment by Results Guidance) as far as this allows. Other prices and tariffs must be approved by the **DOF** with advice from the Commercial Director.

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

Any pricing of contracts at marginal cost should be undertaken by the **DOF** in accordance with a policy and tariff reported to the Board of Directors.

All copies of signed contracts will be retained by the Head of Procurement and registered on the Trust contract register. It is essential all staff ensure signed copies of all contracts (however described) are lodged with Procurement within 1 month of formal approval.

Capital expenditure

The **CEO** is ultimately responsible for all capital expenditure of the Trust, including expenditure on assets under construction. To discharge this duty, the **CEO** will arrange for the issue of a Scheme of Delegation for approval of capital commitments, and will arrange for the development of detailed policies and procedures covering all aspects of capital investment management, including scheme appraisals, contract awarding, contract management and financial control.

The **CEO** shall provide executive delegation to the **DOF** to control programmes for capital expenditure, including assets under construction, within the restrictions of Scheme of Delegation.

All expenditure on capital assets will be authorised in line with Scheme of Delegation.

Any commitment in excess of the limits currently specified shall be referred to the Chief Executive and the Board of Directors respectively for approval before such commitment is made.

Tendering and contracting

The **CEO** has overall responsibility to ensure that the Trust applies the principles of Value for Money in the procurement of goods, services and capital programmes. The **CEO** shall liaise with the **DOF** to develop processes and procedures for competitive selection in all procurement exercises. The **CEO** shall ensure that these procedures are open and clearly demonstrate fair and adequate competition. In particular, the processes and procedures will incorporate NHS and Trust requirements for disclosure of any commercial sponsorship or inducements offered by or received from actual or potential suppliers to the Trust.

The **CEO** shall establish procedures in accordance with the Public Contract Regulations 2015 to ensure compliance regarding the issuing, receipt and appropriate records maintenance in connection with full tender exercises. Copies of all signed contracts will be retained by Procurement and registered on the Trust contract register. It is essential all staff ensure signed copies of all contracts (however described) are lodged with Procurement within 1 month of formal approval.

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Risk management and insurance

The **CEO** shall ensure that the Trust has a programme of risk management which will be approved and monitored by the Board of Directors, by using the Trust Assurance Framework.

The programme of risk management shall include:

- a) processes for identifying and quantifying risks and potential liabilities;
- b) engendering among all levels of staff a positive attitude towards the control of risk;
- c) 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;
- d) contingency plans to offset the impact of adverse events;
- e) audit arrangements including external audit, internal audit, clinical audit and health & safety review;
- f) arrangements to review the risk management programme.

The existence, integration and evaluation of the above elements will provide a basis to make statements on the effectiveness of internal control within the Annual Report and Accounts as required by current guidance.

The **DOF** shall ensure that appropriate insurance arrangements exist to mitigate the risks of the Trust across all areas, and that documented procedures cover these arrangements.

Retention of documents

The **CEO** shall be responsible for maintaining archives for all documents required to be retained under the direction contained in HSC1999/053. A summary of the retention periods for key documents and records will be produced. A copy of the document will be available to all members of staff.

The documents held in archives shall be capable of retrieval by authorised persons. Documents held under HSC1999/053 shall only be destroyed at the express instigation of the **CEO**; records shall be maintained of documents so destroyed.

The **DOF** shall provide advice on the retention of financial records.

Detailed policies covering money, assets and other Trust resources

The **CEO**, in consultation with the **DOF** will develop, maintain and monitor detailed policies, procedures and instructions covering all aspects of the security of money, assets and other Trust resources

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Patients' property

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

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

The **CEO** shall require the **DOF**, in conjunction with the Care Group Directors, to provide detailed written instructions on the collection, custody, investment, recording, safekeeping and disposal of patients' property for all staff whose duty it is to administer the property of patients.

Hospitality

The **CEO** shall be responsible for maintaining comprehensive records of all offers of hospitality, both accepted and rejected. The record shall be in a form designed by the **DOF** and completed records shall be available for inspection by the designated auditors or **DOF**, at all reasonable times.

Responsibilities of the Director of Finance

This section is applicable to the Director of Finance, all others readers should read this section to understand their responsibilities within this part of the document

General

The **DOF** shall prepare, document and maintain detailed financial policies, procedures, processes and systems incorporating the principles of separation of duties and internal control to supplement these Instructions. The **DOF** shall require in relation to any **officer** who carries out a financial process, that the form in which the records are kept and the manner in which the **officer** discharges his/her duties shall be to the satisfaction of the **DOF**.

The **DOF** shall ensure appropriate arrangements are in place to pay and recover tax, and shall be responsible for seeking professional advice in this regard, as necessary.

Income

The **DOF** is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and income coding of all monies due. The **DOF** is also responsible for ensuring the prompt banking of all monies received.

The **DOF** 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 shall be taken as necessary.

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The **DOF** is responsible for the appropriate recovery action on all outstanding debts. Income not received should be dealt with in accordance with losses procedures. Overpayments should be detected (or preferably prevented) and recovery initiated.

The **DOF** is responsible for approving the form of all receipt documents, agreement forms, or other means of officially acknowledging or recording monies received or receivable.

The **DOF** is responsible for 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 **DOF** is responsible for proscribing systems and procedures for handling cash and negotiable securities on behalf of the Trust. Official money shall not under any circumstances be used for the encashment of private cheques. All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the **DOF**.

No contract relating to the provision of Private Patient treatment should be signed without confirmation being provided to the **DOF** that the contract will not be actioned to the detriment of NHS patients.

Annual accounts and reports

The **DOF**, on behalf of the Trust, will prepare financial returns in accordance with the guidance given by the Independent Regulator and the Treasury, the Trust's accounting policies, and International Financial Reporting Standards.

The **DOF**, on behalf of the Trust, will prepare and certify Annual Report and Accounts, and submit them and any report of the auditor on them, for laying before Parliament. Following this, copies of the documents must be sent to the Independent Regulator.

The Trust's Annual Report and Accounts must be audited by an auditor approved by the Council of Governors in accordance with the appointment process agreed by the Trust.

The Trust will publish an Annual Report and Accounts, in accordance with guidelines on local accountability, and present it at a public meeting. The document will include inter alia, the Audited Annual Accounts of the Trust. The Annual Report and Accounts will be sent to the Independent Regulator.

Bank and GBS accounts including charitable funds

The **DOF** 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

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guidance and directions issued from time to time by the Independent Regulator. The Board of Directors shall approve the banking arrangements.

The **DOF** is responsible for all bank accounts and Government Banking Service (GBS) accounts. The **DOF** is responsible for ensuring payments made from bank or GBS accounts do not exceed the amount credited to the account except where arrangements have been made. Further he must report to the Board of Directors all arrangements made with the Trust's bankers for accounts to be overdrawn.

The **DOF** has sole authority to open, operate and close accounts with banks, Building Societies and the Government Banking Service where Trust funds are received or expended. It shall be a disciplinary offence for any **officer** of the Trust outside the organisational control of the **DOF** to operate any such account.

The **DOF** will report to the Audit and Risk Committee of any changes to the Trust bank accounts including the opening / closing of accounts and changes in signatory panel.

The **DOF** will prepare detailed instructions on the operation of bank and GBS accounts which must include the conditions under which each bank and GBS account is to be operated, the limit to be applied to any overdraft, and those authorised to sign cheques or other orders drawn on the Trust's accounts.

The **DOF** will advise the Trust's bankers in writing of the conditions under which each account will be operated. The **DOF** will review the banking arrangements of the Trust at regular intervals to ensure they reflect best practice and represent best value for money by periodically seeking competitive tenders for the Trust's banking business.

Competitive tenders should be considered at least every 5 years. The results of the tendering exercise should be reported to the Board of Directors. The Audit and Risk Committee will review this on behalf of the Board of Directors.

Cash management and investments

The **DOF** will produce cash management, treasury management and investment policy (Treasury Policy - CG401), in accordance with guidance received from the Independent Regulator, for approval by the Board of Directors. The investment may include investment by forming, or participating in forming, bodies corporate, and/or otherwise acquiring membership of bodies corporate.

The Treasury policy (CG401) will set out the **DOF's** responsibilities for advising the Board of Directors on investments and reporting periodically to the Board of Directors concerning the performance of investments held.

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The **DOF** will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

External borrowing and Public Dividend Capital

The **DOF** will advise the Board of Directors concerning the Trust's ability to pay interest on, and repay the Public Dividend Capital and any proposed commercial borrowing, within the limits set by the Foundation Trust's authorisation. The **DOF** will authorise and is also responsible for reporting periodically to the Board of Directors concerning the Public Dividend Capital and all loans and overdrafts.

Any application for a loan or overdraft will only be made by the **DOF** or by an **employee** acting on his/ her behalf, and in accordance with the Scheme of Delegation, as appropriate.

The **DOF** will prepare detailed procedural instructions concerning applications for loans and overdrafts.

All short-term borrowings should be kept to the minimum period of time possible, consistent with the overall cash flow position. Any short term borrowing requirement in excess of one month must be authorised by the **DOF**. All long-term borrowing must be consistent with the plans outlined in the current budget.

Capital expenditure

The **DOF** shall be responsible for preparing detailed procedural guides for the financial management and control of expenditure on capital assets, including the maintenance of an asset register in accordance with the minimum data set as specified in the Capital Accounting Manual.

The **DOF** shall implement procedures to comply with guidance on valuation contained within the DHSC Group Accounting Manual, depreciation and revaluation.

The **DOF** shall establish procedures covering the identification and recording of capital additions. The financial cost of capital additions, including expenditure on assets under construction, must be clearly identified to the appropriate budget holder and be validated by reference to appropriate supporting documentation. The **DOF** shall also develop procedures covering the physical verification of assets on a periodic basis.

The **DOF** shall develop policies and procedures for the management and documentation of asset disposals, whether by sale, part exchange, scrap, theft or other loss. Such procedures shall include the rules on evidence and supporting documentation, the application of sales proceeds and the amendment of financial records including the asset register.

All capital schemes will be subject to the procedures as set out in the Capital regime, investment and property business case approval guidance for NHS Trusts and Foundations Trust (available on the NHS Improvement website) , together with approved local guidelines. Where appropriate, alternative measures of control deemed appropriate may be adopted by the Trust on the advice of

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the **DOF**, following discussion with the **CEO**. Where material these will be brought to the attention of the Board of Directors.

Payment of staff

The **DOF** shall make arrangements for the provision of payroll services to the Trust, to ensure the accurate determination of pay entitlement and to enable prompt and accurate payment to **employees**.

The **DOF** shall be responsible for establishing procedures covering advice to managers on the prompt and accurate submission of payroll data to support the determination of pay including, where appropriate, timetables and specifications for submission of properly authorised notification of new **employees**, amendments to standing pay data and terminations.

The **DOF** will issue detailed procedures covering payments to staff including rules on handling and security of bank credit payments.

Tendering and contracting for goods and services

The instructions in this section concern purchasing decisions for goods and services required where the Trust needs to enter into formal tendering and contractual arrangements.

All purchasing must be undertaken through one of the Trust Approved Purchasing Systems, unless explicit approval to use alternative arrangements has been agreed in advance by the **DOF**.

The **DOF** shall advise the Board of Directors regarding the setting of thresholds above which quotations or formal tenders must be obtained. This will take into account legal requirements to comply with European Community and GATT rules on public procurement. These shall be set out within Schemes of Delegation (See Table 2).

The **DOF** shall be responsible for establishing appropriate procedures to ensure that competitive tenders are invited for the supply of goods and services under contractual arrangements wherever possible. These shall include the procedures to be followed in the event of competitive tendering of in-house services. In such circumstances it must be ensured that no member of the in-house tender group may participate in the evaluation of the tender.

The **DOF** shall maintain lists of firms from whom the Trust may invite tenders and quotations. These lists shall be kept under frequent review and shall include all firms who have applied for permission to tender. The Trust will undertake appropriate compliance vetting of suppliers invited to supply goods and services to the Trust. In addition all firms will be assessed by Finance on their technical and financial competences. In this regard, the **DOF** shall be responsible for establishing procedures to carry out financial appraisals, and shall instruct the appropriate requisitioning directorate to provide evidence of technical competence.

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Where there are no, or insufficient, contractors listed which are suitable to be invited to tender for a particular contract, only after receipt of evidence as to their technical and financial competence will a contractor be invited to tender and be selected for inclusion on the list.

The **DOF** shall be consulted as regards financial competence and a suitable **officer** within the Finance Directorate who will provide advice on financial status and recommended contract limits. Where there are no, or insufficient, contractors listed which are suitable to be invited to tender for a particular contract, any contractor invited to tender shall only be selected for invitation after receipt of evidence as to its technical and financial competence and inclusion on the approved list.

All contract negotiations must be undertaken with the involvement of a member of the Procurement Team.

All **employees** must demonstrate effective and efficient use of resources in awarding contracts, ideally through the use of competitive selection. Where by exception it is considered competitive selection to be inappropriate, undesirable or not possible, approval for single quote exercises in accordance with financial limits set out under the Scheme of Delegation may be requested in writing to the **DOF**. These powers are provided by the **CEO** and it is expected that they shall be exercised in exceptional cases only.

The **DOF** shall advise the Board of Directors of circumstances where it would be appropriate for goods or services to be obtained under contract from sources that have not been subject to competitive selection. The outcome of the waiver process will be monitored by the Audit and Risk Committee on behalf of the Board of Directors.

The grounds where such single quote actions may be authorised are as follows, although approval is not to be regarded as automatic and each case shall be treated on its own merit:

- Where the requirement is ordered under existing contracts which themselves were sourced under competitive selection.
- Where the estimated expenditure or income would not warrant formal tendering procedures or competition would not be practicable taking into account all the circumstances. The limits for such single quote exemptions are set out in Schemes of Delegation.
- Where in the opinion of the **DOF**, or the **CEO** if in excess of financial limits set out in Schemes of Delegation, it is considered against the interest of the Trust to enter into open competitive selection procedures. This may include procurement exercises where time is a critical factor in the interest of the Trust.
- For the supply of proprietary goods or services for which it is not possible or desirable to obtain competitive quotations.
- Where in the opinion of the **DOF**, or the **CEO**, according to the financial limits set out in Schemes of Delegation, it is considered against the interest of the Trust to enter into open competitive selection procedures. This may include procurement exercises where in the opinion of the **DOF** time is a critical factor in the interest of the Trust.
- Separate authorisation arrangements, as set out in the Scheme of Delegation, shall apply to

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maintenance or other contracts for existing goods or assets where the Trust is contractually tied to specific companies. Details of such contracts shall be recorded in a register by Procurement.

- The extent to which relevant **officers** can exercise these powers is set out in the Scheme of Delegation. All **officers** of the Trust must be aware that single quote actions are to be the exception to the preferred procedures of competitive selection, and in all cases they must be able to fully explain their rationale before a decision is authorised. Records shall be maintained to enable the use of single quote and other non-competitive actions to be monitored and reported upon to the Audit and Risk Committee at least annually.
- Where an approved waiver or Voluntary Ex-Ante Transparency notice (VEAT notice) is in place.

In all cases the **DOF** shall keep appropriate records of single quote actions including a full justification of the reasons why competitive selection procedures were not adopted. The **CEO** shall require the **DOF** to monitor the use of single quote actions in the awarding of contracts and to report to the Audit and Risk Committee on the extent of the use of single quote and other non-competitive actions.

Procurement and purchasing

The **DOF** shall advise the Board of Directors regarding the setting of thresholds above which quotations or formal tenders must be obtained. This will take into account the obligation on the Trust to comply with the European Union Procurement Directives, the Public Contract Regulations 2015 (as amended from time to time) and the GATT rules on public procurement. These shall be set out within the Scheme of Delegation.

The **DOF** shall prepare procedural instructions on the obtaining of goods, services and works, incorporating the thresholds set by the Trust.

The **DOF** shall determine that no goods, services or works, other than works and services executed in accordance with a contract and purchases from petty cash, shall be ordered except on an official order, raised following receipt by the ordering **officer** of a properly authorised requisition, and suppliers/contractors shall be notified that they should not accept orders unless on an official form.

Official orders shall be consecutively numbered, in a form approved by the **DOF** and shall include such information concerning prices or costs as may be required. The order shall incorporate an obligation on the contractor to comply with the conditions thereon as regards delivery, carriage, documentation, variations, etc.

Order requisitions shall only be issued to and approved by **officers** so authorised by the Scheme of Delegation. Lists of authorised **officers** shall be maintained by the **DOF**.

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The **DOF** shall ensure that no order shall be issued for any item or items for which there is no budget provision, unless authorised by the **DOF** on behalf of the **CEO**. Goods and services for which Trust contracts are in place should be purchased within those contracts. Any purchasing request outside of such contracts must be referred in the first instance to the Head of Procurement for approval.

All copies of signed contracts will be retained by the Head of Procurement and registered on the Trust contract register. It is essential all staff ensure signed copies of all contracts (however described) are lodged with Procurement within 1 month of formal approval.

Payment of suppliers

The **DOF** shall be responsible for the proper payment of all supplier invoices and claims. The **DOF** shall establish and communicate procedures to ensure that all **officers** provide prompt notification of all money payable by the Trust arising from transactions which they initiate, including contracts, leases, tenancy agreements and other transactions.

The **DOF** shall establish detailed procedures covering the approval of invoices for payment.

The **DOF** shall develop procedures for the prompt payment of invoices once verified for settlement. Such procedures will include the taking of settlement discounts where offered, and rules covering independent control and security of payment transactions. The **DOF** will implement procedures to retain approval of all payments made in advance of receipt of the related goods or services.

Stores and stocks

All stores and stocks maintained by the Trust in wards, clinics or main stores must comply with the systems of control designated and approved by the **DOF**. Overall responsibility for the control of stores and stocks shall be delegated to the **DOF** by the **CEO**. The day-to-day responsibility may be delegated to departmental **officers** and stores managers/ keepers, subject to such delegation being entered in a record available to the **DOF**.

The **DOF** shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses. All **officers** with day-to-day responsibility for stores must maintain such records to enable the value of the stockholding to be ascertained at any time. The **DOF** will ensure adequate physical stocktaking arrangements exist and there shall be a physical check covering all items in store at least once a year to confirm the value of the stockholdings with the system records.

Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the **DOF**.

All **officers** with day-to-day responsibility for stores shall ensure systems are in place to minimise any losses from obsolete, slow moving or unserviceable items. The **DOF** shall ensure a system is in place to review stockholdings for slow moving and obsolete items and for condemnation,

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disposal, and replacement of all unserviceable articles. All **officers** shall report to the **DOF** any evidence of significant overstocking and of any negligence or malpractice. Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods. All write offs must be approved by the **DOF** and reported to the Audit and Risk Committee at least annually.

All managers must order and requisition all goods and services through the Trust's Oracle i-Procurement System or such other systems as specified by the **DOF**. The only exception to this instruction is where managers have the express written permission from the **DOF** to do otherwise. As a part of this process managers are required to ensure the accurate and timely recording of the receipt of goods and services on the relevant approved Procurement System.

Financial systems

The **DOF** shall be responsible for the accuracy and security of the computerised financial data of the Trust. This supplements the responsibility of the Trust Secretary for Information Governance across the Trust in respect of non-financial data. In terms of the Trust's financial systems, the **DOF** shall ensure that:

- Appropriate controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system.
- Adequate controls exist such that the computer operation is separated from development, maintenance and amendment.
- An adequate management (audit) trail exists through the computerised system and that such computer audit reviews as he/she may consider necessary are being carried out.

The **DOF** shall ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy will be obtained from them prior to implementation.

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

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

The **DOF** shall satisfy himself / herself with regard to any computer systems which have an impact on corporate financial systems that:

- data produced for use with financial systems is adequate, accurate, complete, timely ,and appropriate for the requirements of the operation of the Trust financial systems;

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- all systems are closed down with adequate cut off processes at each month end;
- all processes occur in line with the Trust financial month end timetable
- a management (audit) trail exists;
- Finance staff have open and complete access to such data; and
- such computer audit reviews as are considered necessary are being carried out.

Audit

It is the responsibility of the **DOF** to ensure an adequate internal audit service is provided and the Audit and Risk Committee shall be involved in the selection process when an internal audit service provider is changed.

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

The Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist as specified by the NHS fraud and corruption manual and guidance. The Local Counter Fraud Specialist shall report to the **DOF**.

The **DOF** is responsible for:

- ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control by the establishment of an internal audit function;
- ensuring that the internal audit is adequate and meets the NHS mandatory audit standards;
- deciding at what stage to involve the police in cases of misappropriation and other irregularities (subject to earlier sections of these Instructions);
- Ensuring that an annual audit report is prepared for the consideration of the Audit and Risk Committee and the Board of Directors. The report must cover:
 - progress against plan over the previous year,
 - major internal financial control weaknesses discovered,
 - progress on the implementation of internal audit recommendations,
 - strategic audit plan covering the coming three years,
 - a detailed audit plan for the coming year.

The **DOF** or designated auditors are entitled without necessarily giving prior notice to require and receive:

- access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
- access at all reasonable times to any land, premises or **officer** of the Trust;
- the production of any information, cash, stores or other property of the Trust under an **officer's** control; and

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- explanations concerning any matter under investigation.

Any lack of co-operation in these matters, by any **officer**, will be considered a disciplinary matter and may result in dismissal.

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

The Head of Internal Audit will normally attend Audit and Risk Committee meetings and has a right of access to all Audit and Risk Committee Members, the Chairman and **CEO** of the Trust.

Staff expenses

The **DOF** shall be responsible for establishing procedures for the management of expense claims submitted by Trust **employees**. The **DOF** shall arrange for duly approved expense claims to be processed through the Trust payroll system, unless separately approved by the **DOF** or the Deputy Director of Finance (ensuring appropriate entries are made to the relevant cost centre. Expense claims shall be authorised in accordance with the Scheme of Delegation.

The **DOF** shall refer to the Trust's general policies on staff relocation and business expenses and may reject expense claims where there are material breaches of Trust policies. In this regard the **DOF** shall liaise with the **CEO** where appropriate.

Fraud

The Board of Directors recognises that in extreme cases financial loss may be the result of fraud (i.e. intentional deception to secure unlawful gain) or corruption. While the Board of Directors has every confidence in the integrity of Trust **employees**, it has a duty to put in place controls to minimise the opportunity for illegal appropriation of Trust resources. Accordingly, the **DOF** shall ensure appropriate compliance with the Secretary of State's Directions to NHS Trusts regarding counter-fraud measures, which are referred to in these instructions.

The **DOF** will ensure that procedures are in place that specify the action to be taken both by persons detecting a suspected fraud and those persons responsible for investigating it.

For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the **DOF** will notify the Board of Directors.

The **DOF** will also ensure that procedures are in place that specify the action to be taken both by persons detecting a suspected fraud and those persons responsible for investigating it.

The Trust HRLocal Counter Fraud Policy (CG155) will be updated regularly by the **DOF**.

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Losses and special payments

The **DOF** will establish a procedure for losses and special payments.

Special payments include the following, but if in any doubt, officers should confirm with the DoF if a payment is a special payment:

- *Extra-contractual payments*: payments which, though not legally due under contract, appear to place an obligation on a public sector organisation which the courts might uphold. Typically these arise from the organisation's action or inaction in relation to a contract. Payments may be extra-contractual even where there is some doubt about the organisation's liability to pay, eg where the contract provides for arbitration but a settlement is reached without it. (A payment made as a result of an arbitration award is contractual.)
- *Extra-statutory and extra-regulatory payments* are within the broad intention of the statute or regulation, respectively, but go beyond a strict interpretation of its terms.
- *Compensation payments* are made to provide redress for personal injuries (except for payments under the Civil Service Injury Benefits Scheme), traffic accidents, damage to property etc, suffered by civil servants or others. They include other payments to those in the public service outside statutory schemes or outside contracts.
- *Special severance payments* are paid to employees, contractors and others outside of normal statutory or contractual requirements when leaving employment in public service whether they resign, are dismissed or reach an agreed termination of contract. All severance payments must be approved in accordance with the delegated authorities set out in Table 1 of these instructions
- *Ex gratia payments* go beyond statutory cover, legal liability, or administrative rules, including:
 - payments made to meet hardship caused by official failure or delay
 - out of court settlements to avoid legal action on grounds of official inadequacy
 - payments to contractors outside a binding contract, eg on grounds of hardship.

Credit finance arrangements including leasing commitments

There are no grounds where any **employee** of the Trust can approve any contract or transaction which binds the Trust to credit finance commitments without the clear written prior authority of the **DOF**. This includes all Executive and Care Group Directors of the Trust and all other **officers**.

The Board of Directors has provided the **DOF** with sole authority to enter into such commitments, although these powers can be delegated by him/her to appropriate **officers** under his/her organisational control.

This instruction applies to potential or actual leasing agreements and Hire Purchase undertakings which must be sent to the **DOF** for prior approval. No **officer** of the Trust outside the organisational control of the **DOF** has any powers to approve such commitments. Failure to comply with this instruction shall be a prima facie breach of any **officer's** contract of employment.

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Joint finance arrangements with local authorities

Payments to and arrangements with local authorities made under the powers of the NHS Act 2012 shall comply with procedures laid down by the **DOF** which shall be in accordance with the Act.

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TABLE 1:

Scheme of delegation of powers from the Board of Directors to Officers of the

1.0	Capital & asset purchases (including capital funded via lease finance or charitable grants)	Delegation arrangements	Additional information
1.1	Approval of the overall Trust Capital Budget and any in-year variations	Board of Directors	
1.2	Approval of overall budget allocation to individual capital projects and monitoring	Capital Investment Group (CEO, DoF, CGDs, MD, DoN, DoEF)	Monthly report to Board of Directors
1.3	Approval of individual capital projects within the overall Capital Budget (including approval of variations)		
	Up to £350,000 Between £350,000 - £700,000 Over £700,000	Director of Finance Chief Executive Officer Board of Directors	All asset leasing or financing arrangements (whatever value) must also be approved by the Director of Finance.
1.4	Management of individual capital projects	Allocated Capital Project Manager	Project Monitoring by Capital Investment Group
1.5	Management of assets under construction	Allocated Capital Project Manager	Project Monitoring by Capital Investment Group
1.6	Maintenance of Trust Asset register	Director of Finance	
1.7	Approval of Asset Disposals		
	Land & Buildings (any value) Other – where the asset has a residual value or there is a potential write off of value Other – where the asset has no residual value and there is no write off of value	Board of Directors Director of Finance Care Group Director after notification to the Head of Procurement	The Head of Procurement is responsible for ensuring the Trust receives best value from disposals and so must be notified of potential disposal where an asset may have any value. The Director of Finance must always be informed, by way of an Asset Disposal Form, of any asset disposals to enable the asset register to be updated. The Financial Controller must confirm on the Asset Disposal Form the residual book value of the asset.

1.8	Capital Budget Approval Process	Director of Finance	
2.0	Contracts for expenditure	Delegation arrangements	Additional information
2.1	Financial appraisal of companies identified as potential tenderers	Director of Finance	May be delegated to Head of Procurement
2.2	Maintenance of list of approved potential suppliers	Director of Finance	Delegated to Heads of Procurement
2.3	Authorisation of less than the requisite number of quotes and/or tenders, including single tenders/quotes:		
	For individual contracts up to £350,000	Director of Finance	Regular report to the Board of all recorded incidents of between £350,000 and £700,000
	For individual contracts between £350,000 and £700,000	Chief Executive Officer	
For individual contracts over £700,000	Board of Directors		
2.4	Monitoring the use of single tender/single quote action	Audit and Risk Committee on behalf of the Board of Directors	
2.5	Receipt of Tenders	Director of Finance	
2.6	Opening of Tenders	Any two from the list of trust Officers authorised by the Director of Finance to open tenders"	As defined by Director of Finance, ensuring independence from Procurement Process
2.7	Permission to consider late tenders	Chief Executive	With advice from Director of Finance
2.8	Tender ratification and award, including authorisation of any actions resulting from post tender clarification:		
	Up to £350,000	Director of Finance	Post tender clarification will be led by Director of Finance or his delegate. Process overseen by Head of Procurement
	Between £350,000 and £700,000	Chief Executive Officer	
Over £700,000	Board of Directors		
2.9	Signing of Contracts (including letters of intent)	Chief Executive or Director of Finance	All building/works projects above £500,000 should be sealed: Other contracts may be sealed if in the interest of the Trust
2.10	Approval of variation or extensions to the use of existing approved contract		After taking advice from the Head of Procurement
	All Contract Variations	Director of Finance and if above limits	

	Variations of over 5% where the revised contract value is between £350,000 and £700,000 Variations of over 5% where the revised contract value is over £700,000	the CEO or Board Chief Executive Officer Board of Directors	
2.11	Sealing of Documents	Chairman (or Deputy Chairman in the absence of the Chairman) and one Executive Director of the Board	

3.0	Contracts for income	Delegation Arrangements	Additional information
3.1	Approval of Healthcare Contracts	Chief Executive or Director of Finance	Following acceptance of commercial terms by Director of Finance
3.2	Approval of all other income contracts including research & development	Chief Executive or Director of Finance	This may be delegated to the Director of Finance
3.3	Approval of variations to Acute healthcare and all income contracts	Chief Executive or Director of Finance	
3.4	Authorisation of individual Credit Notes relating to healthcare contracts		
	Invoicing adjustment to “on-account” invoicing under NHS Standard Contract. Otherwise: E.g. if relating to a pricing discount or loss of potential income then: Up to £350,000 Between £350,000 and £700,000 Over £700,000	Director of Finance Director of Finance Chief Executive Officer Board of Directors	Authorisation of Credit Notes below £5,000 may be delegated by the Director of Finance
3.5	Approval and variation of all contracts for recharges of costs and income generation	Director of Finance	Training income and Training recharges will be managed in accordance with a policy approved by the Director of Workforce and Organisational Development

4.0	Purchasing and payments (excluding Capital) of Budgeted Expenditure	Delegation arrangements	Additional information
4.1	Authorisation of Requisitions (limits include irrecoverable VAT)	NOTE: Delegated authority to commit the Trust is only available where the proposed expenditure is within budget. Written authority is required from the Director of Finance before incurring expenditure above the budgeted limit.	Heads of Corporate Departments, Care Group Directors and Care Group Directors of Finance have key responsibilities for monitoring budgets and ensuring budget holders are aware of this limitation on approvals.
	<p>The maximum delegated limits which may be varied downwards by the CEO or DOF are:</p> <p>Up to £5,000</p> <p>Up to £90,000</p> <p>Up to £350,000</p> <p>Up to £500,000</p> <p>Above £500,000</p>	<p>Schemes of delegation within these limits may be determined by Care Group Directors, DoEF and Heads of Corporate Departments but such delegation must be approved by DoF before implementation.</p> <p>Executive Directors (including Care Group Directors) With restricted powers of delegation</p> <p>Director of Finance Chief Executive Finance & Investment Committee on behalf of Board of Directors</p>	<p>Expenditure of £5k and above to be certified as being within budget by the Care Group DOF or by the Deputy Director of Finance</p> <p>To be notified to the Audit and Risk Committee</p> <p>Specific arrangements for delegating authority for amounts below £20,000 but only if agreed by the DOF and where it can be demonstrated that financial control will not be compromised. To be notified to the Audit and Risk Committee</p>
4.2	Authorisation of individual invoices due for payment where the approved order process has not been followed	Not Allowed	All purchases should be made via Trust i-proc ordering system, JAC or Atticus. Only in extenuating circumstances should such invoices be presented for authorisation to the DOF or the Deputy Director of Finance
4.3	Authorisation of petty cash payments	Authorisation by line manager (must be budget manager or have delegated	

		authority)	
4.0	Purchasing and payments (excluding Capital) of Budgeted Expenditure	Delegation arrangements	Additional information
4.4	Authorisation of expenses claims	Authorisation by line manager (must be budget manager or have delegated authority)	Only via Trust On-line System
4.5	Authorisation of time sheets	Authorisation by line manager (must be budget manager or have delegated authority)	
4.6	Authorisation of Agency expenditure	<p><u>Non ward and non clinic based agency staff:</u> approval by any 2 of CEO, DOF, Director of Nursing, Director of Workforce and Organisational Development, Medical Director and Chief Operating Officer</p> <p><u>Ward and clinic based agency staff:</u> ordered through NHS Professionals or iproc</p>	
4.7	Authorisation of Overtime and additional hours	Pre-Authorisation only via Trust On-line System	

5.0	Staff appointments and severance payments	Delegation arrangements	Additional information
5.1	Clinical appointments	To be approved by any two of CEO, DOF, Director of Nursing, Director of Workforce and Organisational Development, Medical Director and Chief Operating Officer	No appointment can be made unless it is within the budgeted establishment and the appointment has followed the process as established by the Director of Workforce and Organisational Development
5.2	Non-clinical appointments	To be approved by any one of CEO, DOF, Director of Nursing, Director of Workforce and Organisational Development, Medical Director and	No appointment can be made unless it is within the budgeted establishment and appointment has followed the process as established by the Director of Workforce and Organisational Development

		Chief Operating Officer	
5.3	Severance payments	<p>Nominations and Remuneration Committee approve all severance payments (contracted and non-contracted) for the Chief Executive and Directors.</p> <p>The Nominations and Remuneration Committee delegates other contracted and non-contracted severance payments as follows.</p> <p>For all staff below Director level approval of contractual severance payments delegated to the Chief Executive and the Director of Finance and Director of Workforce.</p> <p>The Committee will approval non-contractual severance payments over £50,000. Approval for non-contractual severance payments below £50,000 will be delegated to the Chief Executive and the Director of Finance and Director of Workforce.</p> <p>Once authorised, authority to pay will only be valid if signed by both the Director of Workforce and Organisational Development and by the DoF.</p>	Severance payments resulting from industrial tribunals need not go to Nominations and Remunerations Committee but must still be signed by both the Director of Workforce and Organisational Development and by the DoF.

6.0	Income and debt write off	Delegation arrangements	Additional information
6.1	Invoicing	Director of Finance	All invoices to be raised by the Finance Department
6.2	Requests for Invoicing to be raised	Budget Managers may raise a request for Finance to generate an invoice. For	All requests for invoicing should be passed to Finance.

		clarity no-one outside of Finance is authorised to raise an invoice.	
6.3	Authorisation of discounts, credit notes (non healthcare income)	Director of Finance	See under 3.4 for Credit Notes related to Healthcare income
6.4	Collection of debts and use of debt collection agencies	Director of Finance	
6.5	Authorisation of individual debt write off		This delegation also applies to the effective write off through lack of invoicing for income to which the Trust is entitled. Whether it occurs through action, lack of action or the passing of time
	Less than £5,000	Financial Controller or Deputy Director of Finance	To be reported to the Audit and Risk Committee.
	Less than £100,000	Director of Finance	
	Between £100,000 and £200,000	Chief Executive	
	Over £200,000	Board of Directors	

7.0	Losses and special payments	Delegation arrangements	Additional information
7.1	Authorisation of individual losses and special payments		
	Less than £100,000	Director of Finance	Up to £10,000 delegated to the Head of Legal Services for payments resulting from legal claims.
	Between £100,000 and £200,000	Chief Executive	
	Over £200,000	Board of Directors	To be reported to the Audit and Risk Committee
7.2	Authorisation of clinical negligence payments	Director of Finance	To be reported to the Audit and Risk Committee
7.3	Monitoring of losses and special payments	Audit and Risk Committee	On behalf of the Board of Directors
7.4	Authorisation of early retirement payments to staff		
	Less than £100,000	Director of Finance	Only after advice from the Director of Workforce and Organisational Development
	Between £100,000 and £200,000	Chief Executive	
	Above £200,000	Board of Directors	
7.5	Authorisation of redundancy and all other termination payments to staff	Nominations and Remuneration Committee	Only after advice from the Director of HR and reference to the Severance Protocol

8.0	Budgetary control	Delegation arrangements	Additional information
8.1	Delegation of budgets	Chief Executive and Director of Finance	
8.2	Request for budget virement	Initiator and recipient Budget Manager	To be approved by CGDoFs
8.3	Authorisation of budget virement	Director of Finance	This may be delegated by the DoF to the Deputy Director of Finance or the CGDoFs
8.4	Overall Trust budget and planning process	Director of Finance	
8.5	Staff expenses, including relocation expenses	Routine expenses - approval by line manager Relocation expenses – approval by Director of Workforce and Organisational Development	Routine expenses must be claimed via the Trust's on-line expense claim system. Details available from Payroll. Relocation expenses must be claimed in accordance with the Trust's Relocation Expenses Policy

9.0	Stores and stock controls	Delegation arrangements	Additional information
9.1	Management and control systems for stores and stocks	Director of Finance	Delegated to Head of Procurement. Orders may be generated automatically based on agreed minimum and maximum stock quantities.

10.0	Bank account and payment methods	Delegation arrangements	Additional information
10.1	Opening of bank accounts	Director of Finance	
10.2	Signing of cheques, BACS schedules and PGO authorisation	Director of Finance	This may be delegated within the Finance Department.

11.0	Bank account and working capital facilities fees and charges	Delegation arrangements	Additional information
11.1	Approval of Fees and Charges	Director of Finance	

12.0	Standards of business conduct	Delegation arrangements	Additional information
12.1	Maintenance of register of interests and secondary employments		
	Board of Directors	Chief Executive	Maintained by the Trust Secretary

	All other staff	Chief Executive	
12.2	Maintenance of gifts and hospitality registers		
	Board of Directors All other staff	Chief Executive Chief Executive	Maintained by the Trust Secretary

13.0	Insurances	Delegation arrangements	Additional information
13.1	Insurance arrangements	Director of Finance	

4.0	Fraud and irregularity	Delegation arrangements	Additional information
14.1	Counter Fraud and corruption work	Director of Finance	It is expected that Internal Audit would be involved in any investigation.
14.2	Investigation of suspected cases of irregularity not related to fraud or corruption	Director of Workforce and Organisational Development	

15.0	Investments	Delegation arrangements	Additional information
15.1	Approval of Treasury Policy (CG401)	Board of Directors	After review by the Audit and Risk Committee
15.2	Investment Decisions	Director of Finance	

16.0	Borrowings	Delegation arrangements	Additional information
16.1	Approval of loans and loan facilities, (including working capital facilities)	Board of Directors	
16.2	Use of loans and loan facilities as approved by the Board of Directors	Director of Finance	
16.3	Use of leasing and non-conventional funding	Director of Finance	

TABLE 2 – Tendering and contracting thresholds

(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Up to £2,000	£2,001 - £5,000	£5,001 - £50,000	£50,001 – OJEC Threshold (see column g)	Over OJEC limit (See column g)	EC Journal Advertisement
Services & Supplies	Verbal quotation	Single written quotation	3 written competitive quotations	3 formal tenders	Normally minimum of 5 tenders through OJEU	£181,302 and over* (£65,630 and over for small lots)*
Works	Verbal quotation	Single written quotation	3 written competitive quotations	3 formal tenders	Normally minimum of 5 tenders through OJEU	£4,551,413 and over (£820,370 and over for small lots)

- For tendering and contractual purposes, the Trust is a Governmental Procurement Authority (GPA) and the procurement thresholds shown for Services and Supplies are those for GPAs.
- Even where estimated amounts are below the OJEU thresholds, quotes and tenders are to be conducted within the spirit of OJEC Tenders in terms of definitions of outputs required from the goods or services, pre-defined evaluation criteria should be defined with evaluation and awards conducted in a transparent and equitable manner capable of withstanding audit and challenge by unsuccessful suppliers.
- For all levels the figures shown are those for the aggregate of the requirement. Artificial subdivision of lots into smaller lots to stay below thresholds is unacceptable for non-OJEU tenders and unlawful for OJEU ones.
- Where requirements are for a combination of supplies / services and works, the estimated value of the majority value within the total determines which procedure and, thereby, which threshold to apply.

Certification

I _____ certify that I have read, understood and will comply with the Standing Financial Instructions dated 30 May 2018

Signature: _____

Date: _____