

**BLACKPOOL, FYLDE AND WYRE HOSPITALS NHS
FOUNDATION TRUST**

**STANDING ORDERS, SCHEME OF RESERVATION AND
DELEGATION and STANDING FINANCIAL INSTRUCTIONS**

June 2010

CONTENTS NOT AMENDED TO REFLECT CHANGES BELOW:

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INTERPRETATION AND DEFINITIONS FOR STANDING ORDERS AND STANDING FINANCIAL INSTRUCTIONS

- 1.1 Save as otherwise permitted by law, at any meeting the Chairman of the Trust shall be the final authority on the interpretation of Standing Orders (on which they should be advised by the Chief Executive or Secretary to the Board).
- 1.2 Any expression to which a meaning is given in the National Health Service Act 2006 (the "NHS Act 2006"), and in any other Acts relating to the National Health Service or in any regulations made under such Acts shall have the same meaning in these Standing Orders and Standing Financial Instructions and in addition:
- 1.2.1 "**Accounting Officer**" means the NHS Officer responsible and accountable for funds entrusted to the Trust. The officer shall be responsible for ensuring the proper stewardship of public funds and assets. For this Trust it shall be the Chief Executive.
- 1.2.2 "**Associate Member**" means a person appointed to perform specific statutory and non-statutory duties which have been delegated by the Trust Board for them to perform and these duties have been recorded in an appropriate Trust Board minute or other suitable record.
- 1.2.3 "**Board of Directors**" or "**Board**" means the Chairman, Executive Directors and Non-Executive Directors of the Trust collectively as a body, as constituted in accordance with the Constitution.
- 1.2.4 "**Budget**" means a resource, expressed in financial terms, proposed by the Board for the purpose of carrying out, for a specific period, any or all of the functions of the Trust.
- 1.2.5 "**Budget holder**" means the director of employee with delegated authority to manage finances (Income and Expenditure) for a specific area of the organisation.
- 1.2.6 "**Chairman of the Board (or Trust)**" means the person appointed in accordance with the Constitution to ensure that the Board and the Council of Governors successfully discharge their overall responsibility for the Trust as a whole. The expression "the Chairman" shall be deemed to include the Vice-Chairman of the Trust if the Chairman is absent from the meeting or is otherwise unavailable.
- 1.2.7 "**Chief Executive**" means the chief officer of the Trust.
- 1.2.8 "**Clinical Governance Committee**" means a committee whose functions are concerned with the arrangements for the purpose of monitoring and improving the quality of healthcare for which the Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust has responsibility.
- 1.2.9 "**Commissioning**" means the process for determining the need for and for obtaining the supply of healthcare and related services by the Trust within available resources.
- 1.2.10 "**Committee**" means a committee or sub-committee created and appointed by the Trust.
- 1.2.11 "**Committee members**" means persons formally appointed by the Board to sit on or to chair specific committees.
- 1.2.12 "**Constitution**" means the Trust's Foundation Trust Constitution as authorised by the Independent Regulator.

- 1.2.13 "**Contracting and procuring**" means the systems for obtaining the supply of goods, materials, manufactured items, services, building and engineering services, works of construction and maintenance and for disposal of surplus and obsolete assets.
- 1.2.14 "Council of Governors" means the Council of Governors of the Trust as constituted in accordance with the Constitution.
- 1.2.15 "**Finance Director**" means the Chief Financial Officer of the Trust.
- 1.2.16 "**Funds held on trust**" shall mean those funds which the Trust holds on date of incorporation, receives on distribution by statutory instrument or chooses subsequently to accept under powers derived under S.90 of the NHS Act 1977, as amended. Such funds may or may not be charitable.
- 1.2.17 "**Executive Director**" means a member of the Trust who is appointed as an executive director in accordance with the Constitution.
- 1.2.18 "**Deputy-Chairman**" means the non-executive director appointed by the Board to take on the Chairman's duties if the Chairman is absent for any reason.
- 1.2.19 "**Independent Regulator**" means the regulator of NHS Foundation Trusts referred to in Section 31 of the NHS Act 2006.
- 1.2.20 "**Member**" means an officer or non-officer member of the Board as the context permits. Member in relation to the Board does not include its Chairman.
- 1.2.21 "**Nominated officer**" means an officer charged with the responsibility for discharging specific tasks within Standing Orders and Standing Financial Instructions.
- 1.2.22 "**Non-Executive Director**" means a member of the Trust who is appointed as a non-executive director in accordance with the Constitution.
- 1.2.23 "**Officer**" means employee of the Trust or any other person holding a paid appointment or office with the Trust.
- 1.2.24 "**Secretary**" means a person appointed by the Trust in accordance with the Constitution to act independently of the Board, to provide advice on corporate governance issues to the Board and the Chairman and monitor the Trust's compliance with the law, its Constitution, its Terms of Authorisation, mandatory guidance from the Independent Regulator and these Standing Orders.
- 1.2.25 "**SFIs**" means Standing Financial Instructions.
- 1.2.26 "**SOs**" means Standing Orders.
- 1.2.27 "**Terms of Authorisation**" means the terms on which the Trust was authorised as a foundation trust by the Independent Regulator pursuant to Section 35 of the NHS Act 2006.
- 1.2.28 "**Trust**" means the Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust.

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STANDING ORDERS

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1. INTRODUCTION

1.1 Regulatory Framework

The Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust (the Trust) is a statutory body which became a public benefit corporation on 1 December 2007 following its approval by the Independent Regulator pursuant to the NHS Act 2006.

- (1) The principal place of business of the Trust is Blackpool Victoria Hospital, Whinney Heys Road, Blackpool, Lancashire, FY3 8NR.
- (2) The Trust is governed by Acts of Parliament, mainly the NHS Act 2006, the National Health Service and Community Care Act 1990 and the Health and Social Care Act 2008, its Constitution and its Terms of Authorisation 1999.
- (3) The functions of the Trust are conferred by the NHS Act 2006, the Constitution and its Terms of Authorisation (together known as the "Regulatory Framework"). The Regulatory Framework requires the Board of Directors of the Trust to adopt Standing Orders for the regulation of certain of its proceedings and business. These Standing Orders should be read in conjunction with the Constitution. For the avoidance of doubt, in the event of any conflict between these Standing Orders and the Constitution, the terms of the Constitution shall prevail.
- (4) As a statutory body, the Trust has specified powers to contract in its own name and to act as a corporate trustee. In the latter role it is accountable to the Charity Commission for those funds deemed to be charitable.
- (5) The Trust will also be bound by such other statutes and legal provisions which govern the conduct of its affairs.

Scheme of Reservation and Delegation

1.2 Delegation of Powers

The Trust has powers to delegate and make arrangements for delegation. The Constitution and these Standing Orders set out the detail of these arrangements. Delegated Powers are covered in a separate document (Reservation of Powers to the Board and Delegation of Powers). This document has effect as if incorporated into the Standing Orders. Delegated Powers are covered in a separate document entitled – 'Schedule of Matters reserved to the Board and Scheme of Reservation and Delegation' and have effect as if incorporated into the Standing Orders and Standing Financial Instructions.

2. THE TRUST BOARD: COMPOSITION OF MEMBERSHIP, TENURE AND ROLE OF MEMBERS

2.1 Composition of the Membership of the Trust Board

See paragraph 18 of the Constitution.

2.2 Appointment of Chairman and Members of the Trust

- (1) For the appointment of:
- (a) the Chairman and the Non-Executive Directors see the Constitution, in particular paragraphs 19 and 20.
 - (b) the Executive Directors see the Constitution, in particular paragraph 23.

2.3 Terms of Office of the Chairman and Members

- (1) See the Constitution for the period of tenure of office of the Chairman and members and for the termination or suspension of office of the Chairman and members in particular paragraphs 20 and 23 and Annex 6.

2.4 Appointment and Powers of Deputy-Chairman

- (1) The Deputy Chairman shall be appointed in accordance with paragraph 22 of the Constitution.
- (2) Any member appointed as Deputy Chairman in accordance with the Constitution may at any time resign from the office of Deputy Chairman by giving notice in writing to the Chairman. A new Deputy Chairman shall thereupon be appointed in accordance with the provisions of the Constitution.
- (3) Where the Chairman of the Trust has died or has ceased to hold office, or where they have been unable to perform their duties as Chairman owing to illness or any other cause, the Deputy Chairman shall act as Chairman until a new Chairman is appointed or the existing Chairman resumes their duties, as the case may be; and references to the Chairman in these Standing Orders shall, so long as there is no Chairman able to perform those duties, be taken to include references to the Deputy Chairman.

2.5 Joint Members

- (1) Where more than one person is appointed jointly to an Executive Director or Non-Executive Director post those persons shall count for the purpose of Standing Order 2.1 as one person.
- (2) Where the office of a member of the Board is shared jointly by more than one person:
- (a) either or both of those persons may attend or take part in meetings of the Board;
 - (b) if both are present at a meeting they should cast one vote if they agree;
 - (c) in the case of disagreements no vote should be cast;
 - (d) the presence of either or both of those persons should count as the presence of one person for the purposes of Standing Order 3.11 Quorum.

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2.6 Role of Members

The Board will function as a corporate decision-making body, Executive Directors and Non-Executive Directors will be full and equal members. Their role as members of the Board of Directors will be to consider the key strategic and managerial issues facing the Trust in carrying out its statutory and other functions.

(1) **Executive Directors**

Executive Directors shall exercise their authority within the terms of the Constitution, these Standing Orders and Standing Financial Instructions and the Scheme of Reservation and Delegation.

(2) **Chief Executive**

The Chief Executive shall be responsible for the overall performance of the executive functions of the Trust. He/she is the Accounting Officer for the Trust and shall be responsible for ensuring the discharge of obligations under financial directions and guidance issued by the Independent Regulator or any other relevant body and in line with the requirements the NHS Foundation Trust Accounting Officer Memorandum issued in April 2008 and any additional or replacement document in relation to the role of the Accounting Officer.

(3) **Finance Director**

The Finance Director shall be responsible for the provision of financial advice to the Trust and to its members and for the supervision of financial control and accounting systems. He/she shall be responsible along with the Chief Executive for ensuring the discharge of obligations under all relevant financial directions and guidance issued by the Independent Regulator or any other relevant body.

(4) **Non-Executive Directors**

The Non-Executive Directors shall not be granted nor shall they seek to exercise any individual executive powers on behalf of the Trust. They may however, exercise collective authority when acting as members of or when chairing a committee of the Trust which has delegated powers.

(5) **Chairman**

The Chairman shall be responsible for the operation of the Board of Directors and the Council of Governors and chair all Board meetings and meetings of the Council of Governors when present. The Chairman must comply with his/her terms of appointment with the Constitution and with these Standing Orders.

The Chairman shall take responsibility either directly or indirectly for the induction of the Non-Executive Directors, their portfolios of interests and assignments, and their performance.

The Chairman shall work in close harmony with the Chief Executive and shall ensure that key and appropriate issues are discussed by the Board in a timely manner with all the necessary information and advice being made available to the Board to inform the debate and ultimate resolutions.

(6) **Secretary to the Trust Board**

The Secretary to the Trust Board shall be responsible for providing administrative support to the Trust Board. This will include the coordination of the production of Board papers and accurate minutes of Board meetings.

2.7 Corporate role of the Board

- (1) All business shall be conducted in the name of the Trust.
- (2) All funds received in trust shall be held in the name of the Trust as corporate trustee.

- (3) The Board shall define and regularly review the functions it exercises on behalf of the Secretary of State.

2.8 Schedule of Matters reserved to the Board and Scheme of Reservation and Delegation

- (1) The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These powers and decisions are set out in the 'Schedule of Matters Reserved to the Board' and shall have effect as if incorporated into the Standing Orders. Those powers which it has delegated to officers and other bodies are contained in the Scheme of Reservation and Delegation.

2.9 Lead Roles for Board Members

The Chairman will ensure that the designation of Lead roles or appointments of Board members or Governors as set out in any statutory or other relevant guidance will be made in accordance with that guidance or statutory requirement (e.g. appointing a Lead Board Member with responsibilities for Infection Control or Child Protection Services etc.).

3. MEETINGS OF THE TRUST

3.1 Calling meetings

For the provisions governing calling meetings, see the Constitution, in particular paragraphs 6-12 of Annex 6.

3.2 Notice of Meetings and the Business to be transacted

- (1) Before each meeting of the Trust Board a written notice specifying the business proposed to be transacted shall be delivered to every member, or sent by post to the usual place of residence of each member in accordance with the Constitution. Want of service of such a notice on any member shall not affect the validity of a meeting.
- (2) [No business shall be transacted at the meeting other than that specified on the agenda, or emergency motions allowed under Standing Order 3.6.]
- (3) A member desiring a matter to be included on an agenda shall make his/her request in writing to the Chairman at least 10 clear days before the meeting. The request should include appropriate supporting information. Requests made less than 10 days before a meeting may be included on the agenda at the discretion of the Chairman.

3.3 Agenda and Supporting Papers

See paragraph 4 of Annex 8 of the Constitution.

3.4 Petitions

Where a petition has been received by the Trust the Chairman shall include the petition as an item for the agenda of the next meeting.

3.5 Notice of Motion

- (1) Subject to the provision of Standing Orders 3.7 'Motions: Procedure at and during a meeting' and 3.8 'Motions to rescind a resolution', a member of the Board wishing to move a motion shall send a written notice to the Chief Executive who will ensure that it is brought to the immediate attention of the Chairman.
- (2) The notice shall be delivered at least 10 clear days before the meeting. The Chief Executive shall include in the agenda for the meeting all notices so received that are in order and permissible under governing regulations. This Standing Order shall not prevent any motion being withdrawn or moved without notice on any business mentioned on the agenda for the meeting.

3.6 Emergency Motions

Subject to the agreement of the Chairman, and subject also to the provision of Standing Order 3.7 'Motions: Procedure at and during a meeting', a member of the Board may give written notice of an emergency motion after the issue of the notice of meeting and agenda, up to one hour before the time fixed for the meeting. The notice shall state the grounds of urgency. If in order, it shall be declared to the Trust Board at the commencement of the business of the meeting as an additional item included in the agenda. The Chairman's decision to include the item shall be final.

3.7 Motions: Procedure at and during a meeting

i) Who may propose

A motion may be proposed by the Chairman of the meeting or any member present. It must also be seconded by another member.

ii) Contents of motions

The Chairman may exclude from the debate at their discretion any such motion of which notice was not given on the notice summoning the meeting other than a motion relating to:

- the reception of a report;
- consideration of any item of business before the Trust Board;
- the accuracy of minutes;
- that the Board proceed to next business;
- that the Board adjourn;
- that the question be now put.

iii) Amendments to motions

A motion for amendment shall not be discussed unless it has been proposed and seconded.

Amendments to motions shall be moved relevant to the motion, and shall not have the effect of negating the motion before the Board.

If there are a number of amendments, they shall be considered one at a time. When a motion has been amended, the amended motion shall become the substantive motion before the meeting, upon which any further amendment may be moved.

iv) Rights of reply to motions

a) Amendments

The mover of an amendment may reply to the debate on their amendment immediately prior to the mover of the original motion, who shall have the right of reply at the close of debate on the amendment, but may not otherwise speak on it.

b) Substantive/original motion

The member who proposed the substantive motion shall have a right of reply at the close of any debate on the motion.

v) Withdrawing a motion

A motion, or an amendment to a motion, may be withdrawn.

vi) Motions once under debate

When a motion is under debate, no motion may be moved other than:

- an amendment to the motion;
- the adjournment of the discussion, or the meeting;
- that the meeting proceed to the next business;
- that the question should be now put;

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- the appointment of an 'ad hoc' committee to deal with a specific item of business;
- that a member/director be not further heard.

In those cases where the motion is either that the meeting proceeds to the 'next business' or 'that the question be now put' in the interests of objectivity these should only be put forward by a member of the Board who has not taken part in the debate and who is eligible to vote.

If a motion to proceed to the next business or that the question be now put, is carried, the Chairman should give the mover of the substantive motion under debate a right of reply, if not already exercised. The matter should then be put to the vote.

3.8 Motion to Rescind a Resolution

- (1) Notice of motion to rescind any resolution (or the general substance of any resolution) which has been passed within the preceding six calendar months shall bear the signature of the member who gives it and also the signature of three other members, and before considering any such motion of which notice shall have been given, the Trust Board may refer the matter to any appropriate Committee or the Chief Executive for recommendation.
- (2) When any such motion has been dealt with by the Trust Board it shall not be competent for any director/member other than the Chairman to propose a motion to the same effect within six months. This Standing Order shall not apply to motions moved in pursuance of a report or recommendations of a Committee or the Chief Executive.

3.9 Chairman of meeting

- (1) At any meeting of the Trust Board the Chairman, if present, shall preside. If the Chairman is absent from the meeting, the Deputy-Chairman (if the Trust Board has appointed one), if present, shall preside.
- (2) If the Chairman and Deputy-Chairman are absent, such member (who is not also an Executive Director of the Trust) as the members present shall choose shall preside.

3.10 Chairman's ruling

The decision of the Chairman of the meeting on questions of order, relevancy and regularity (including procedure on handling motions) and their interpretation of the Standing Orders and Standing Financial Instructions, at the meeting, shall be final.

3.11 Quorum

- (i) No business shall be transacted at a meeting unless a quorum is present in accordance with paragraph 9 of Annex 6 of the Constitution is present.
- (ii) An Officer in attendance for an Executive Director (Officer Member) but without formal acting up status may not count towards the quorum.
- (iii) If the Chairman or member has been disqualified from participating in the discussion on any matter and/or from voting on any resolution by reason of a declaration of a conflict of interest (see SO No.7) that person shall no longer count towards the quorum. If a quorum is then not available for the discussion and/or the passing of a resolution on any matter, that matter may not be discussed further or voted upon at that meeting. Such a position shall be

recorded in the minutes of the meeting. The meeting must then proceed to the next business.

3.12 Voting

- (i) See paragraph 12 of Annex 6 of the Constitution regarding the number of votes required for a decision of the Trust Board.
- (ii) At the discretion of the Chairman all questions put to the vote shall be determined by oral expression or by a show of hands, unless the Chairman directs otherwise, or it is proposed, seconded and carried that a vote be taken by paper ballot.
- (iii) If at least one third of the members present so request, the voting on any question may be recorded so as to show how each member present voted or did not vote (except when conducted by paper ballot).
- (iv) If a member so requests, their vote shall be recorded by name.
- (v) In no circumstances may an absent member vote by proxy. Absence is defined as being absent at the time of the vote.
- (vi) A manager who has been formally appointed to act up for an Executive Director during a period of incapacity or temporarily to fill an Executive Director vacancy shall be entitled to exercise the voting rights of the Executive Director.
- (vii) A manager attending the Trust Board meeting to represent an Executive Director during a period of incapacity or temporary absence without formal acting up status may not exercise the voting rights of the Executive Director. An Officer's status when attending a meeting shall be recorded in the minutes.
- (viii) For the voting rules relating to joint members see Standing Order 2.5.

3.13 Suspension of Standing Orders

- (i) Except where this would contravene any statutory provision or any guidance issued by the Independent Regulator or the rules relating to the Quorum (SO 3.11), any one or more of the Standing Orders may be suspended at any meeting, provided that such decision is made in accordance with paragraph 12 of Annex 6 of the Constitution. The reason for the suspension shall be recorded in the Trust Board's minutes.
- (ii) A separate record of matters discussed during the suspension of Standing Orders shall be made and shall be available to the Chairman and members of the Trust.
- (iii) No formal business may be transacted while Standing Orders are suspended.
- (iv) The Audit Committee shall review every decision to suspend Standing Orders.

3.14 Variation and amendment of Standing Orders

These Standing Orders shall not be varied except in the following circumstances:

- upon a notice of motion under Standing Order 3.5;

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- upon a recommendation of the Chairman or Chief Executive included on the agenda for the meeting;
- the Trust Board votes in favour of the amendment in accordance with paragraph 12 of Annex 6 of the Constitution;
- providing that any variation or amendment does not contravene a statutory provision or guidance issued by the Independent Regulator.

3.15 Record of Attendance

The names of the Chairman and Directors/members present at the meeting shall be recorded.

3.16 Minutes

For provisions relating to the circulation of minutes of a Trust Board meeting see paragraph 4 of Annex 8 and paragraph 3.2 of Annex 10 of the Constitution.

No discussion shall take place upon the minutes except upon their accuracy or where the Chairman considers discussion appropriate.

3.17 Observers at Trust meetings

The Trust will decide what arrangements and terms and conditions it feels are appropriate to offer in extending an invitation to observers to attend and address any of the Trust Board's meetings and may change, alter or vary these terms and conditions as it deems fit.

4. APPOINTMENT OF COMMITTEES AND SUB-COMMITTEES

4.1 Appointment of Committees

For provisions relating to the appointment of committees, see paragraph 3.3. and paragraphs 9 and 10 of Annex 8 of the Constitution.

The Trust shall determine the membership and terms of reference of committees and sub-committees and shall if it requires to, receive and consider reports of such committees.

4.2 Applicability of Standing Orders and Standing Financial Instructions to Committees

The Standing Orders and Standing Financial Instructions of the Trust, as far as they are applicable, shall as appropriate apply to meetings and any committees established by the Trust. In which case the term "Chairman" is to be read as a reference to the Chairman of such committees as the context permits, and the term "member" is to be read as a reference to a member of such committees also as the context permits.

4.3 Terms of Reference

Each such committee shall have such terms of reference and powers and be subject to such conditions (as to reporting back to the Board), as the Board shall decide and shall be in accordance with the terms of the Constitution, any legislation and any guidance issued by the Independent Regulator. Such terms of reference shall have effect as if incorporated into the Standing Orders.

4.4 Delegation of powers by Committees to Sub-Committees

Where committees are authorised to establish sub-committees they may not delegate executive powers to the sub-committee unless expressly authorised by the Trust Board.

4.5 Approval of Appointments to Committees

The Trust Board shall approve the appointments to each of the committees which it has formally constituted. Where the Trust Board determines, and regulations permit, that persons, who are neither members nor officers, shall be appointed to a committee the terms of such appointment shall be within the powers of the Trust Board. The Trust Board shall define the powers of such appointees in accordance with the Constitution and may agree allowances, including reimbursement for loss of earnings, and/or expenses in accordance where appropriate with national guidance.

4.6 Appointments for Statutory functions

Where the Board is required to appoint persons to a committee and/or to undertake statutory functions as required by any statute, regulations or any guidance issued by the Independent Regulator, and where such appointments are to operate independently of the Trust Board such appointment shall be made in accordance with such applicable statute, regulations or guidance.

4.7 Committees established by the Trust Board

The committees and sub-committees established by the Board are:

4.7.1 Audit Committee

In line with the requirement and paragraph 34 of the Constitution an Audit Committee will be established and constituted to provide the Trust Board with an independent and objective review on the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives. The Terms of Reference will be approved by the Trust Board and reviewed on a periodic basis.

4.7.2 Remuneration and Terms of Service Committee

In line with the requirement of paragraph 28.2 of the Constitution, a Terms of Service and Remuneration Committee will be established and constituted.

4.7.3 Trust and Charitable Funds Committee

In line with its role as a corporate trustee for any funds held in trust, either as charitable or non charitable funds, the Trust Board will establish a Trust and Charitable Funds Committee to administer those funds in accordance with any statutory or other legal requirements or best practice required by the Charities Commission.

The provisions of this Standing Order must be read in conjunction with Standing Order 2.7 and Standing Financial Instructions 26.

4.7.4 **Other Committees**

The Board may also establish such other committees as required to assist in the Trust discharging the Trust's responsibilities, in accordance with the Constitution and these Standing Orders.

The following additional standing committees have been established by the Board:

- **Healthcare Governance Committee**

The Healthcare Governance Committee sets the strategic direction for all aspects of healthcare governance and seeks assurance that adequate and appropriate controls are in place. This will be supported by ensuring that integrated risk management procedures are embedded throughout the Trust.

- **Finance and Performance Committee**

The Finance and Performance Committee will monitor and review the financial and operational performance of the Trust. This will include all statutory duties and key performance indicators.

- **Human Resources and Organisational Development Committee**

The Human Resources and Organisational Development Committee will oversee the development and implementation of the Trust's Human Resources and Organisation Development Strategy, including the implementation of the Blackpool Way and the Saving 100,000 lives initiative.

4.7.5 **Terms of Reference**

Terms of reference for all the Trust's standing committees are included in Annex A.

5. ARRANGEMENTS FOR THE EXERCISE OF TRUST FUNCTIONS BY DELEGATION

5.1 Delegation of Functions to Committees or an Executive Director

5.1.1 Subject to the Constitution, any relevant legislation and any guidance issued by the Independent Regulator, the Trust Board may make arrangements for the exercise, on behalf of the Trust Board, of any of its functions by a committee, sub-committee appointed by virtue of Standing Order 4, or by an Executive Director of the Trust in each case subject to such restrictions and conditions as the Trust thinks fit.

5.2 Emergency Powers and urgent decisions

The powers which the Trust Board has reserved to itself within these Standing Orders (see Standing Order 2.8) may in emergency or for an urgent decision be exercised by the Chief Executive and the Chairman after having consulted at least two Non-Executive Directors. The exercise of such powers by the Chief Executive and Chairman shall be reported to the next formal meeting of the Trust Board for formal ratification.

5.3 Delegation to Committees

5.3.1 The Board shall agree from time to time to the delegation of executive powers to be exercised by committees, or sub-committees, which it has formally constituted in accordance with the Constitution. The constitution and terms of reference of these committees, or sub-committees, and their specific executive powers shall be approved by the Trust Board.

5.4 Delegation to an Executive Director

5.4.1 Those functions of the Trust which have not been retained as reserved by the Trust Board or delegated to a committee or sub-committee shall be exercised on behalf of the Trust by the Chief Executive. The Chief Executive shall determine which functions he/she will perform personally and shall nominate Executive Directors to undertake the remaining functions for which he/she will still retain accountability to the Trust.

5.4.2 The Chief Executive shall prepare a Scheme of Reservation and Delegation identifying his/her proposals which shall be considered and approved by the Board. The Chief Executive may periodically propose amendment to the Scheme of Reservation and Delegation which shall be considered and approved by the Board.

5.4.3 Nothing in the Scheme of Reservation and Delegation shall impair the discharge of the direct accountability to the Board of the Finance Director to provide information and advise the Board in accordance with statutory requirements or any requirements of the Independent Regulator. Outside these statutory requirements the roles of the Finance Director shall be accountable to the Chief Executive for operational matters.

5.5 Schedule of Matters Reserved to the Trust and Scheme of Reservation and Delegation

5.5.1 The arrangements made by the Board as set out in the "Schedule of Matters Reserved to the Board" and "Scheme of Reservation and Delegation" of powers shall have effect as if incorporated in these Standing Orders.

5.6 Duty to report non-compliance with Standing Orders and Standing Financial Instructions

If for any reason these Standing Orders 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 Board for action or ratification. All members of the Trust Board and staff have a duty to disclose any non-compliance with these Standing Orders to the Chief Executive as soon as possible.

6. OVERLAP WITH OTHER TRUST POLICY STATEMENTS/PROCEDURES, REGULATIONS AND THE STANDING FINANCIAL INSTRUCTIONS, CONSTITUTION, TERMS OF AUTHORISATION AND/OR LEGISLATION

6.1 Policy statements: general principles

The Trust Board will from time to time agree and approve Policy statements/procedures which will apply to all or specific groups of staff employed by Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust. The decisions to approve such policies and procedures will be recorded in an appropriate Trust Board minute and will be deemed where appropriate to be an integral part of the Trust's Standing Orders and Standing Financial Instructions.

6.2 Specific Policy statements

Notwithstanding the application of SO 6.1 above, these Standing Orders and Standing Financial Instructions must be read in conjunction with the following:

- the Standards of Business Conduct for NHS staff and the Code of Conduct for NHS Managers;
- the staff Disciplinary and Appeals Procedures adopted by the Trust both of which shall have effect as if incorporated in these Standing Orders.

6.3 Standing Financial Instructions

Standing Financial Instructions adopted by the Trust Board in accordance with all financial regulations and guidance issued by the Independent Regulator and any other relevant body shall have effect as if incorporated in these Standing Orders.

6.4 Specific guidance

Notwithstanding the application of SO 6.1 above, these Standing Orders and Standing Financial Instructions must be read in conjunction with the following legislation guidance and any other guidance issued by the Independent Regulator or any other relevant body:

- Caldicott Guardian 1997;
- Human Rights Act 1998;
- Freedom of Information Act 2000.

6.5 Constitution/Terms of Authorisation

In the event of any conflict or inconsistency between these SOs and the Constitution and/or the Terms of Authorisation, the Constitution and/or Terms of Authorisation (as applicable) shall prevail.

In the event of any conflict or inconsistency between these SOs and the provisions of the NHS Act 2006, the provisions of the NHS Act 2006 shall prevail

7. DUTIES AND OBLIGATIONS OF BOARD MEMBERS/DIRECTORS AND SENIOR MANAGERS UNDER THESE STANDING ORDERS

7.1 Declaration of Interests

7.1.1 Requirements for Declaring Interests and applicability to Board Members

- i) For provisions relating to the declaration of interests, see the Constitution in particular paragraph 27 of the Constitution.

7.1.2 Interests which are material / required to be disclosed

- (i) For those interests which should be regarded as "material" which are required to be disclosed, see paragraph 27 of the Constitution.
 - e)
- (ii) Any member of the Trust Board who comes to know that the Trust has entered into or proposes to enter into a contract in which he/she or any person connected with him/her has any interest, direct or indirect, the Board member shall declare his/her interest by giving notice in writing of such fact to the Trust as soon as practicable.

7.1.3 Advice on Interests

If Board members have any doubt about the relevance of an interest, this should be discussed with the Chairman of the Trust.

Financial Reporting Standard No 8 (issued by the Accounting Standards Board) specifies that influence rather than the immediacy of the relationship is more important in assessing the relevance of an interest. The interests of partners in professional partnerships including general practitioners should also be considered.

7.1.4 Recording of Interests in Trust Board minutes

At the time Board members' interests are declared, they should be recorded in the Trust Board minutes.

Any changes in interests should be declared at the next Trust Board meeting following the change occurring and recorded in the minutes of that meeting.

7.1.5 Publication of declared interests in Annual Report

Board members' directorships of companies likely or possibly seeking to do business with the NHS should be published in the Trust's annual report. The information should be kept up to date for inclusion in succeeding annual reports.

7.1.6 Conflicts of interest which arise during the course of a meeting

For provisions relating to conflicts of interest arising during the course of a meeting see paragraph 27.3 of the Constitution.

7.2 Register of Interests

- 7.2.1 A register of the interests of directors shall be established in accordance with paragraph 29 of the Constitution. In particular the register will include details of all directorships and material interests (as defined in SO 7.1.2) which have been declared by both executive and non-executive Trust Board members.

- 7.2.2. These details will be kept up to date by means of an annual review of the register in which any changes to interests declared during the preceding twelve months will be incorporated.
- 7.2.3 The register will be available to the public and the Chief Executive will take reasonable steps to bring the existence of the Register to the attention of local residents and to publicise arrangements for viewing it.
- 7.2.4 For further provisions relating to the registers kept by the Trust, see the Constitution.

7.3 Standards of Business Conduct

7.3.1 Trust Policy and National Guidance

All Trust staff and members of the Trust Board must comply with the Trust's Standards of Business Conduct and Conflicts of Interest Policy and the national guidance contained in HSG(93)5 on 'Standards of Business Conduct for NHS staff' (see SO 6.2).

7.3.2 Interest of Officers in Contracts

- i) Any officer or employee of the Trust who comes to know that the Trust has entered into or proposes to enter into a contract in which he/she or any person connected with him/her has any pecuniary interest, direct or indirect, the Officer shall declare their interest by giving notice in writing of such fact to the Chief Executive or Secretary as soon as practicable.
- ii) An Officer should also declare to the Chief Executive any other employment or business or other relationship of his/her, or of a cohabiting spouse, that conflicts, or might reasonably be predicted could conflict with the interests of the Trust.
- iii) The Trust will require interests, employment or relationships so declared to be entered in a register of interests of staff.

7.3.3 Canvassing of and Recommendations by Members in Relation to Appointments

- i) Canvassing of members of the Trust or of any Committee of the Trust directly or indirectly for any appointment under the Trust shall disqualify the candidate for such appointment. The contents of this paragraph of the Standing Order shall be included in application forms or otherwise brought to the attention of candidates.
- ii) Members of the Trust shall not solicit for any person any appointment under the Trust or recommend any person for such appointment; but this paragraph of this Standing Order shall not preclude a member from giving written testimonial of a candidate's ability, experience or character for submission to the Trust.

7.3.4 Relatives of Members or Officers

- i) Candidates for any staff appointment under the Trust shall, when making an application, disclose in writing to the Trust whether they are related to any member or the holder of any office under the Trust. Failure to disclose such a relationship shall disqualify a candidate and, if appointed, render him liable to instant dismissal.

- ii) The Chairman and every member and officer of the Trust shall disclose to the Trust Board any relationship between himself and a candidate of whose candidature that member or officer is aware. It shall be the duty of the Chief Executive to report to the Trust Board any such disclosure made.
- iii) On appointment, members (and prior to acceptance of an appointment in the case of Executive Directors) should disclose to the Trust whether they are related to any other member or holder of any office under the Trust.

8. CUSTODY OF SEAL, SEALING OF DOCUMENTS AND SIGNATURE OF DOCUMENTS

8.1 Custody of Seal

The common seal of the Trust shall be kept by the Chief Executive or a nominated Manager by him/her in a secure place.

8.2 Sealing of Documents

Where it is necessary that a document shall be sealed, the seal shall be affixed in the presence of two senior managers duly authorised by the Chief Executive, and not also from the originating department, and shall be attested by them.

8.3 Register of Sealing

The Chief Executive shall keep a register in which he/she, or another manager of the Authority authorised by him/her, shall enter a record of the sealing of every document.

The Chief Executive shall report use of the seal to the at the next meeting of the Board for its approval.

8.4 Signature of documents

Where any document will be a necessary step in legal proceedings on behalf of the Trust, it shall, unless any enactment otherwise requires or authorises, be signed by the Chief Executive or any Executive Director.

In land transactions, the signing of certain supporting documents will be delegated to Managers and set out clearly in the Scheme of Reservation and Delegation Scheme of Reservation and Delegation but will not include the main or principal documents effecting the transfer (e.g. sale/purchase agreement, lease, contracts for construction works and main warranty agreements or any document which is required to be executed as a deed).

**SCHEME OF RESERVATION AND
DELEGATION
NOT VERIFIED WITH SOs or SFIs
AWAITING INSTRUCTION AND OUTCOME
OF CURRENT CHANGES**

SCHEME OF RESERVATION AND DELEGATION

REF	THE BOARD	DECISIONS RESERVED TO THE BOARD
NA	The Board	<p>General Enabling Provision</p> <p>The Board may determine any matter, for which it has delegated or statutory authority, it wishes in full session within its statutory powers.</p>
NA	The Board	<p><i>Regulations and Control</i></p> <ol style="list-style-type: none"> 1. Approve Standing Orders (SOs), a schedule of matters reserved to the Board and Standing Financial Instructions for the regulation of its proceedings and business. 2. Suspend Standing Orders. 3. Vary or amend the Standing Orders. 4. Ratify any urgent decisions taken by the Chairman and Chief Executive in public session in accordance with SO 5.2 5. Approve a Scheme of Reservation and Delegation of powers from the Board to committees. 6. Require and receive the declaration of Board members' interests that may conflict with those of the Trust and determining the extent to which that member may remain involved with the matter under consideration. 7. Require and receive the declaration of officers' interests that may conflict with those of the Trust. 8. Approve arrangements for dealing with complaints. 9. Adopt the organisation structures, processes and procedures to facilitate the discharge of business by the Trust and to agree modifications thereto. 10. Receive reports from committees including those that the Trust is required by the Secretary of State or other regulation to establish and to take appropriate action on. 11. Confirm the recommendations of the Trust's committees where the committees do not have executive powers. 12. Approve arrangements relating to the discharge of the Trust's responsibilities as a corporate trustee for funds held on trust. 13. Establish terms of reference and reporting arrangements of all committees and sub-committees that are established by the Board. 14. Approve arrangements relating to the discharge of the Trust's responsibilities as a bailer for patients' property. 15. Authorise use of the seal.

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REF	THE BOARD	DECISIONS RESERVED TO THE BOARD
		<p>16. Ratify or otherwise instances of failure to comply with Standing Orders brought to the Chief Executive's attention in accordance with SO 5.6.</p> <p>17. Discipline members of the Board or employees who are in breach of statutory requirements or SOs.</p>
NA	The Board	<p>Appointments/ Dismissal</p> <ol style="list-style-type: none"> 1. Appoint the Vice Chairman of the Board. 2. Appoint and dismiss committees (and individual members) that are directly accountable to the Board. 3. Appoint, appraise, discipline and dismiss Executive Directors (subject to SO 2.2). 4. Confirm appointment of members of any committee of the Trust as representatives on outside bodies. 5. Appoint, appraise, discipline and dismiss the Secretary (if the appointment of a Secretary is required under Standing Orders). 6. Approve proposals of the Remuneration Committee regarding directors and senior employees and those of the Chief Executive for staff not covered by the Remuneration Committee.
NA	The Board	<p>Strategy, Plans and Budgets</p> <ol style="list-style-type: none"> 1. Define the strategic aims and objectives of the Trust. 2. Approve proposals for ensuring quality and developing clinical governance in services provided by the Trust, having regard to any guidance issued by the Secretary of State. 3. Approve the Trust's policies and procedures for the management of risk. 4. Approve Outline and Final Business Cases for Capital Investment. 5. Approve budgets. 6. Approve annually Trust's proposed organisational development proposals. 7. Ratify proposals for acquisition, disposal or change of use of land and/or buildings. 8. Approve PFI proposals. 9. Approve the opening of bank accounts. 10. Approve proposals on individual contracts (other than NHS contracts) of a capital or revenue nature amounting to, or likely to amount to over [£1 million] over a 3 year period or the period of the contract if longer. 11. Approve proposals in individual cases for the write off of losses or making of special payments above the limits of delegation to the Chief Executive and Finance Director (for losses and special payments) previously approved by the Board. 12. Approve individual compensation payments over £50,000.

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REF	THE BOARD	DECISIONS RESERVED TO THE BOARD
		13. Approve proposals for action on litigation against or on behalf of the Trust.
	The Board	<p>Policy Determination</p> <p>1. Approve management policies including personnel policies incorporating the arrangements for the appointment, removal and remuneration of staff.</p> <p>Policies so adopted shall be listed and available to all staff via the intranet.</p>
	The Board	<p>Audit</p> <p>1. To approve audit arrangements (including arrangements for the separate audit of funds held on Trust) and to receive reports of the Audit Committee meetings and take appropriate action.</p> <p>2. Receive of the annual management letter received from the external auditor and agreement of proposed action, taking account of the advice, where appropriate, of the Audit Committee.</p> <p>3. Receive an annual report from the Internal Auditor and agree action on recommendations where appropriate of the Audit Committee.</p>
NA	The Board	<p>Annual Reports and Accounts</p> <p>1. Receipt and approval of the Trust's Annual Report and Annual Accounts.</p> <p>2. Receipt and approval of the Annual Report and Accounts for funds held on trust.</p>
NA	The Board	<p>Monitoring</p> <p>1. Receive of such reports as the Board sees fit from committees in respect of their exercise of powers delegated.</p> <p>2. Continuous appraisal of the affairs of the Trust by means of the provision to the Board as the Board may require from directors, committees, and officers of the Trust as set out in management policy statements. All monitoring returns required by the Department of Health and the Charity Commission shall be reported, at least in summary, to the Board.</p> <p>3. Receive reports from DoF on financial performance against budget and Local Delivery Plan, including actual and forecast income performance.</p>

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DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES

Terms of Reference for all standing committees are included in Annex A. The minutes of each committee will be formally submitted to the Board.

REF	COMMITTEE	DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES
SFI 11.1.1	Audit Committee	<p>The Committee will:</p> <ol style="list-style-type: none"> 1. Advise the Board on internal and external audit services; 2. The Committee shall review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives; 3. Monitor compliance with Standing Orders and Standing Financial Instructions; 4. Review schedules of losses and compensations and making recommendations to the Board. 5. Review schedules of debtor/creditor balances >£5k, >6 months 6. Review the annual financial statements prior to submission to the Board.
SFI 17.120.1.2	Remuneration and Terms of Service Committee	<p>The Committee will:</p> <ol style="list-style-type: none"> 1. Advise the Board about appropriate remuneration and terms of service for the Chief Executive, other Executive Directors and other senior employees including: 2. All aspects of salary (including any performance-related elements/bonuses); 3. Provisions for other benefits, including pensions and cars; 4. Arrangements for termination of employment and other contractual terms; 5. Make recommendations to the Board on the remuneration and terms of service of executive directors and senior employees 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 for such staff; 6. Proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate advise on and oversee appropriate contractual arrangements for such staff; 7. The Committee shall report in writing to the Board the basis for its recommendations.

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REF	COMMITTEE	DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES
	Charitable Funds Committee	<p>The Committee will:</p> <ol style="list-style-type: none"> 1. Advise the Trust Board to enable the Board to fulfil its obligations as Corporate Trustee under the Charities Act 2006, Statement of Recommended Practice 2005 and Section 19 of the Terrorism Act 2000. 2. Review the income and expenditure from Charitable Funds folios on a periodic basis, including the annual accounts and appropriate audit reports.
	Healthcare Governance Committee	<p>The Committee will:</p> <ol style="list-style-type: none"> 1. Ensure that the Trust has an effective assurance framework and risk register. 2. Ensure that the Healthcare Commission Standards are implemented. 3. Oversee the work of the three Governance Committees: <ul style="list-style-type: none"> • Clinical Governance Committee • Information Governance Committee • Health and Safety and Environmental Governance Committee
	Human Resources and Organisational Development	<p>The Committee will:</p> <ol style="list-style-type: none"> 1. Oversee the development and implementation of the Trust's Human Resources and OD strategy. 2. Oversee the implementation of the Blackpool Way. 3. Oversee the implementation of the Saving 100,000 lives initiative.

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SCHEME OF RESERVATION AND DELEGATION IMPLIED BY THE STANDING ORDERS

SO REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
1.1	Chairman	Final authority in interpretation of Standing Orders (SOs).
2.4	Board	Appointment of Vice Deputy Chairman
3.1	Chairman	Call <u>ing</u> meetings.
3.9	Chairman	Chair all Board meetings and associated responsibilities.
3.10	Chairman	Give final ruling in questions of order, relevancy and regularity of meetings.
3.12	Chairman	Having a second or casting vote
3.13	Board	Suspension of Standing Orders
3.13	Audit Committee	Audit Committee to review every decision to suspend Standing Orders (power to suspend Standing Orders is reserved to the Board)
3.14	Board	<i>Variation or amendment of Standing Orders</i>
4.44	Board	Formal delegation of powers to sub committees or joint committees and approval of their constitution and terms of reference.
5.2	Chairman & Chief Executive	The powers which the Board has retained to itself within these Standing Orders may in emergency be exercised by the Chair and Chief Executive after having consulted at least two Non-Executive members.
5.4	Chief Executive	The Chief Executive shall prepare a Scheme of Reservation and Delegation identifying his/her proposals that shall be considered and approved by the Board, subject to any amendment agreed during the discussion.
5.6	All	Disclosure of non-compliance with Standing Orders to the Chief Executive as soon as possible.
7.1	the Board	Declare relevant and material interests.
7.2	Chief Executive	Maintain Register(s) of Interests.

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SO REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
7.34	All staff	Comply with national guidance contained in HSG 1993/5 "Standards of Business Conduct for NHS Staff".
7.34	All	Disclose relationship between self and candidate for staff appointment. (CE to report the disclosure to the Board.)
8.1/8.3	Chief Executive	Keep seal in safe place and maintain a register of sealing.
8.4	Chief Executive/Executive Director	Approve and sign all documents which will be necessary in legal proceedings.

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SCHEME OF RESERVATION AND DELEGATION IMPLIED BY STANDING FINANCIAL INSTRUCTIONS

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
9.1.3	Finance Director	Approval of all financial procedures.
9.1.4	Finance Director	Advice on interpretation or application of SFIs.
9.1.6	All members of the Board and employees	Have a duty to disclose any non-compliance with these Standing Financial Instructions to the Finance Director as soon as possible.
<u>9.2.3</u>	<u>Not used</u>	<u>Not used</u>
9.2.4	Chief Executive	Responsible as the Accountable Officer to ensure financial targets and obligations are met and have overall responsibility for the System of Internal Control.
9.2.4	Chief Executive & Finance Director	Accountable for financial control but will, as far as possible, delegate their detailed responsibilities.
9.2.5	Chief Executive	To ensure all Board members, officers and employees, present and future, are notified of and understand Standing Financial Instructions.
9.2.6	Finance Director	Responsible for: a) Implementing the Trust's financial policies and coordinating corrective action; b) Maintaining an effective system of financial control including ensuring detailed financial procedures and systems are prepared and documented; c) Ensuring that sufficient records are maintained to explain Trust's transactions and financial position; d) Providing financial advice to members of Board and staff; e) Maintaining such accounts, certificates etc as are required for the Trust to carry out its statutory duties.
9.2.7	All members of the Board <u>Members</u> and <u>E</u> mployees	Responsible for security of the Trust's property, avoiding loss, exercising economy and efficiency in using resources and conforming to Standing Orders, Financial Instructions and financial procedures.
9.2.8	Chief Executive	Ensure that any contractor or employee of a contractor who is empowered by the Trust to commit the Trust to expenditure or who is authorised to obtain income are made aware of these instructions and their

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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
		requirement to comply.
10.1.1	Audit Committee	Provide independent and objective view on internal control and probity.
10.1.2	Chair, Audit Committee	Raise the matter at the Board meeting where Audit Committee considers there is evidence of ultra vires transactions or improper acts.
10.1.3 & 10.2.1	Finance Director	Ensure an adequate internal audit service, for which he/she is accountable, is provided (and involve the Audit Committee in the selection process when/if an internal audit service provider is changed.)
10.2.1	Finance Director	Decide at what stage to involve police in cases of misappropriation and other irregularities not involving fraud or corruption.
10.3	Head of Internal Audit	Review, appraise and report in accordance with NHS Internal Audit Manual and best practice.
10.4	Audit Committee	Ensure cost-effective External Audit.
10.5	Chief Executive & Finance Director	Monitor and ensure compliance with SofS Directions on fraud and corruption including the appointment of the Local Counter Fraud Specialist.
10.6	Chief Executive	Monitor and ensure compliance with Directions issued by the Secretary of State for Health on NHS security management including appointment of the Local Security Management Specialist.
11.1.1	Chief Executive	Compile and submit to the Board an Annual PlanLDP which takes into account financial targets and forecast limits of available resources. The Annual PlanLDP will contain: <ul style="list-style-type: none"> • a statement of the significant assumptions on which the plan is based; • details of major changes in workload, delivery of services or resources required to achieve the plan.
11.1.2 & 11.1.3	Finance Director	Submit budgets to the Board for approval. Monitor performance against budget; submit to the Board financial estimates and forecasts.
11.1.6	Finance Director	Ensure adequate training is delivered on an on going basis to budget holders.
11.3.1	Chief Executive	Delegate budget to budget holders.
11.3.2	Chief Executive & Budget Holders	Must not exceed the budgetary total or virement limits set by the Board.

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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
11.4.1	Finance Director	Devise and maintain systems of budgetary control.
11.4.2	Budget Holders	Ensure that a) no overspend or reduction of income that cannot be met from virement is incurred without prior consent of Board; b) approved budget is not used for any other than specified purpose subject to rules of virement; c) no permanent employees are appointed without the approval of the CE other than those provided for within available resources and manpower establishment.
11.4.3	Chief Executive	Identify and implement cost improvements and income generation activities in line with the Trust Business PlanLDP .
11.6.1	Chief Executive	Submit monitoring returns
12.1	Finance Director	Preparation of annual accounts and reports.
13.1	Finance Director	Managing banking arrangements, including provision of banking services, operation of accounts, preparation of instructions and list of cheque signatories.
14.	Finance Director	Income systems, including system design, prompt banking, review and approval of fees and charges, debt recovery arrangements, design and control of receipts, provision of adequate facilities and systems for employees whose duties include collecting or holding cash.
14.2.23	All employees	Duty to inform DoF of money due from transactions which they initiate/deal with.
15	Chief Executive	Tendering and contract procedure.
15.45.3	Finance Director or Chief Executive or Chairman	Waive formal tendering procedures.
15.45.3	Finance Director or Chief Executive or Chairman	Report waivers of tendering procedures to the Board.
15.56.62	Chief Executive	Responsible for the receipt, endorsement and safe custody of tenders received.

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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
15.56.73	Chief Executive	Shall maintain a register to show each set of competitive tender invitations despatched.
15.56.84	Chief Executive and Finance Director	Where one tender is received will assess for value for money and fair price.
15.6.6	Chief Executive	No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with these Instructions except with the authorisation of the Chief Executive.
15.6.9	Chief Executive	Shall ensure that appropriate checks are carried out as to the technical and financial capability of those firms that are invited to tender or quote.
15.5.10	Chief Executive	The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis.
15.67.2	Chief Executive	The Chief Executive or his nominated officer should evaluate the quotation and select the quote which gives the best value for money.
15.67.4	Chief Executive or Finance Director	No quotation shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with these Instructions except with the authorisation of the Chief Executive.
15.10	Chief Executive	The Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.
15.10	Board	All PFI proposals must be agreed by the Board.
15.11	Chief Executive	The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Trust.
15.12	Chief Executive	The Chief Executive shall nominate officers with delegated authority to enter into contracts of employment, regarding staff, agency staff or temporary staff service contracts.
15.15	Chief Executive	The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis.

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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
15.15.5	Chief Executive	The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the Trust.
16.1.1	Chief Executive	Must ensure the Trust enters into suitable Service Contracts and other contracts <u>Level Agreements (SLAs) with service commissioners</u> for the provision of NHS services
16.3	Chief Executive	As the Accountable Officer, ensure that regular reports are provided to the Board detailing actual and forecast income from the <u>Contracts SLA</u>
17.1.1	Board	Establish a Remuneration & Terms of Service Committee
17.1.2	Remuneration Committee	<i>Advise the Board on and make recommendations on the remuneration and terms of service of the CE, other officer members and senior employees to ensure they are fairly rewarded having proper regard to the Trust's circumstances and any national agreements;</i> <i>Monitor and evaluate the performance of individual senior employees;</i> Advise on and oversee appropriate contractual arrangements for such staff, including proper calculation and scrutiny of termination payments.
17.1.3	Remuneration Committee	Report in writing to the Board its advice and its bases about remuneration and terms of service of directors and senior employees.
17.1.4	Board	Approve proposals presented by the Chief Executive for setting of remuneration and conditions of service for those employees and officers not covered by the Remuneration Committee.
17.2.2	Chief Executive	Approval of variation to funded establishment of any department.
17.3	Chief Executive	Staff, including agency staff, appointments and re-grading.
17.4.1 and 17.4.2	Director of Human Resources and Organisational Development	Payroll: a) specifying timetables for submission of properly authorised time records and other notifications; b) final determination of pay and allowances; c) making payments on agreed dates; d) agreeing method of payment; e) issuing instructions (as listed in SFI 10.4.2).
17.4.3	Nominated Managers	Submit time records in line with timetable.

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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
		Complete time records and other notifications in required form. Submitting termination forms in prescribed form and on time.
17.4.4	Director of Human Resources and Organisational Development	Ensure that the chosen method for payroll processing is supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures and that suitable arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies.
17.5	Director of Human Resources and Organisational Development	Ensure that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation; and Deal with variations to, or termination of, contracts of employment.
18.1	Chief Executive	Determine, and set out, level of delegation of non-pay expenditure to budget managers, including a list of managers authorised to place requisitions, the maximum level of each requisition and the system for authorisation above that level.
18.1.3	Chief Executive	Set out procedures on the seeking of professional advice regarding the supply of goods and services.
18.2.1	Authorised Managers	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 Trust's Head of Procurement -on supply shall be sought.
18.2.3	Finance Director	a) Advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in standing orders and regularly reviewed; b) Prepare procedural instructions [where not already provided in the Scheme of Reservation and Delegation or procedure notes for budget holders] on the obtaining of goods, works and services incorporating the thresholds; c) Be responsible for the prompt payment of all properly authorised accounts and claims; d) Be responsible for designing and maintaining a system of verification, recording and payment of all

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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
		<p>amounts payable;</p> <p>e) A timetable and system for submission to the Finance Director of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment;</p> <p>f) Instructions to employees regarding the handling and payment of accounts within the Finance Department;</p> <p>g) Be responsible for ensuring that payment for goods and services is only made once the goods and services are received or are appropriately and legally accounted for as the property of the Trust</p>
18.2.4	Appropriate Executive Director	Make a written case to support the need for a prepayment.
18.2.4	Finance Director	Approve proposed prepayment arrangements.
18.2.4	Budget holder	Ensure that all items due under a prepayment contract are received (and immediately inform DoF if problems are encountered) or are appropriately and legally accounted for as the property of the Trust
18.2.5	Chief Executive	Authorise who may use and be issued with official orders.
18.2.6	Managers and officers	Ensure that they comply fully with the guidance and limits specified by the Finance Director.
18.2.7	Chief Executive Finance Director	Ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within CONCODE and ESTATECODE. The technical audit of these contracts shall be the responsibility of the relevant Director.
18.3	Finance Director	Lay down procedures for payments to local authorities and voluntary organisations made under the powers of section 28A of the NHS Act.
19.1.1	Finance Director	The DoF will advise the Board on the Trust's ability to pay dividend on PBC and report, periodically, concerning the PDC debt and all loans and overdrafts.
19.1.2	Board	Approve a list of employees authorised to make short term borrowings on behalf of the Trust. (This must include the CE and DoF.)
19.1.3	Finance Director	Prepare detailed procedural instructions concerning applications for loans and overdrafts.
19.1.5	Chief Executive or Finance Director	Be on an authorising panel comprising one other member for short term borrowing approval.

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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
19.2.2	Finance Director	Will advise the Board on investments and report, periodically, on performance of same.
19.2.3	Finance Director	Prepare detailed procedural instructions on the operation of investments held.
20	Finance Director	Ensure that Board members are aware of the Financial Framework and ensure compliance
21.1.1 & 2	Chief Executive	Capital investment programme: a) ensure that there is adequate appraisal and approval process for determining capital expenditure priorities and the effect that each has on plans b) responsible for the management of capital schemes and for ensuring that they are delivered on time and within cost; c) ensure that capital investment is not undertaken without availability of resources to finance all revenue consequences; d) ensure that a business case is produced for each proposal.
21.1.2	Finance Director	Certify professionally the costs and revenue consequences detailed in the business case for capital investment.
21.1.3	Chief Executive	Issue procedures for management of contracts involving stage payments.
21.1.4	Finance Director	Assess the requirement for the operation of the construction industry taxation deduction scheme.
21.1.5	Finance Director	Issue procedures for the regular reporting of expenditure and commitment against authorised capital expenditure.
21.1.6	Chief Executive	Issue manager responsible for any capital scheme with authority to commit expenditure, authority to proceed to tender and approval to accept a successful tender. Issue a Scheme of Reservation and Delegation for capital investment management.
21.1.7	Finance Director	Issue procedures governing financial management, including variation to contract, of capital investment projects and valuation for accounting purposes.
21.2.1	Finance Director	Demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
21.2.1	Board	Proposal to use PFI must be specifically agreed by the Board.
21.3.1	Chief Executive	Maintenance of asset registers (on advice from DoF).

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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
21.3.5	Finance Director	Approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
21.3.8	Finance Director	Calculate and pay capital charges in accordance with Department of Health requirements.
21.4.1	Chief Executive	Overall responsibility for fixed assets.
21.4.2	Finance Director	Approval of fixed asset control procedures.
21.4.4	Board, Executive Members and All senior staff	Responsibility for security of Trust assets including notifying discrepancies to DoF, and reporting losses in accordance with Trust procedure.
22.2	Chief Executive	Delegate overall responsibility for control of stores (subject to DoF responsibility for systems of control). Further delegation for day-to-day responsibility subject to such delegation being recorded. (Good practice to append to the Scheme of Reservation and Delegation document.)
22.2	Finance Director	Responsible for systems of control over stores and receipt of goods.
22.2	Director of Pharmacy	Responsible for controls of pharmaceutical stocks
22.2	Director of Facilities	Responsible for control of stocks of fuel oil and coal.
22.2	Head of Procurement/Director of Pharmacy	Responsible for the security arrangements and custody of keys for the Procurement and Pharmacy Stores.
22.2	Finance Director	Set out procedures and systems to regulate the stores.
22.2	Finance Director	Agree stocktaking arrangements.
22.2	Finance Director	Approve alternative arrangements where a complete system of stores control is not justified.
22.2	Finance Director	Approve system for review of slow moving and obsolete items and for condemnation, disposal and replacement of all unserviceable items.

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22.2	Head of Procurement/Director of Pharmacy	Operate system for slow moving and obsolete stock, and report to DoF evidence of significant overstocking.
22.3.1	Chief Executive	Identify persons authorised to requisition and accept goods from NHS Supply Chain.
23.1.1	Finance Director	Prepare detailed procedures for disposal of assets including condemnations and ensure that these are notified to managers.
23.2.1	Finance Director	Prepare procedures for recording and accounting for losses, special payments and informing police in cases of suspected arson or theft.
23.2.2	All Staff	Discovery or suspicion of loss of any kind must be reported immediately to either head of department or nominated officer. The head of department / nominated officer should then inform the CE and DoF.
23.2.2	Finance Director	Where a criminal offence is suspected, DoF must inform the police if theft or arson is involved. In cases of fraud and corruption DoF must inform the relevant LCFS and CFSMS Regional Team in line with SoS directions.
23.2.2	Finance Director	Notify CFSMS and External Audit of all frauds.
23.2.3	Finance Director	Notify Board and External Auditor of losses caused theft, arson, neglect of duty or gross carelessness (unless trivial).
23.2.4	Board	Approve write off of losses (within limits delegated by DH).
23.2.6	Finance Director	Consider whether any insurance claim can be made.
23.2.7	Finance Director	Maintain losses and special payments register.
24.1.1	Finance Director	Responsible for accuracy and security of computerised financial data.
24.1.2	Finance Director	Satisfy himself that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation assurances of adequacy must be obtained from them prior to implementation.
24.1.3	Finance Director	Shall publish and maintain a Freedom of Information Scheme.
24.2.1	Relevant officers	Send proposals for general computer systems to DoF

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24.3	Finance Director	Ensure that contracts with other bodies for the provision of computer services for financial applications clearly define responsibility of all parties for security, privacy, accuracy, completeness and timeliness of data during processing, transmission and storage, and allow for audit review. Seek periodic assurances from the provider that adequate controls are in operation.
24.4	Finance Director	Ensure that risks to the Trust from use of IT are identified and considered and that disaster recovery plans are in place.
24.5	Finance Director	Where computer systems have an impact on corporate financial systems satisfy himself that: a) systems acquisition, development and maintenance are in line with corporate policies; b) data assembled for processing by financial systems is adequate, accurate, complete and timely, and that a management rail exists; c) DoF and staff have access to such data; Such computer audit reviews are being carried out as are considered necessary.
25.2	Chief Executive	Responsible for ensuring patients and guardians are informed about patients' money and property procedures on admission.
25.3	Finance Director	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 staff whose duty is to administer, in any way, the property of.
25.6	Departmental managers	Inform staff of their responsibilities and duties for the administration of the property of patients.
26.1	Finance Director	Shall ensure that each trust fund which the Trust is responsible for managing is managed appropriately.
27	Finance Director	Ensure all staff are made aware of the Trust policy on the acceptance of gifts and other benefits in kind by staff
28	Chief Executive	Retention of document procedures in accordance with HSC 1999/053 BEEN CHANGED AND SUPERSEDED BY NHS CODE OF PRACTICE PARTS 1 & 2 (April 2006)
29.1	Chief Executive	Risk management programme.
29.1	Board	Approve and monitor risk management programme.

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29.2	Board	Decide whether the Trust will use the risk pooling schemes administered by the NHS Litigation Authority or self-insure for some or all of the risks (where discretion is allowed). Decisions to self-insure should be reviewed annually.
29.34	Director of Operations	<p>Where the Board decides to use the risk pooling schemes administered by the NHS Litigation Authority the Finance Director shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Finance Director shall ensure that documented procedures cover these arrangements.</p> <p>Where the Board decides not to use the risk pooling schemes administered by the NHS Litigation Authority for any one or other of the risks covered by the schemes, the Finance Director 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 Finance Director 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.</p>
29.34	Director of Operations	Ensure documented procedures cover management of claims and payments below the deductible.

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DETAILED SCHEME OF RESERVATION AND DELEGATION

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
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1. Management of Budgets Responsibility of keeping expenditure within budgets:

11	Budget Manager	At individual budget level (Pay and Non Pay)
11	Clinical /Executive Director	At service level
11	Clinical Director/Executive Director or Associate Director of Operations (ADOP) Divisional Director or Executive Director	For the totality of services covered by a Division or Executive Director.
11	Finance Director or Appropriate Delegated Manager	For all other areas

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
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2. Transfer / Virement of Budgets - Cumulative basis within a financial year (exclusive of VAT)

11	Budget Manager	1% of budget or £10,000 per annum
11	Directorate Manager/Clinical Director	1% of budget or £25,000 per annum
11	ADOP / Divisional Director	1% of budget or £250,000 per annum
11	Executive Director	1% of budget or £500,000 per annum
11	Chief Executive	up to £1,000,000 per annum
11	Trust Board	over £1,000,000 per annum

3. Maintenance / Operation of Bank Accounts

13	Finance Director	Maintenance / Operation of Bank Accounts
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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
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4. Non Pay Revenue and Capital Expenditure/Requisitioning/Ordering/Payment of Goods & Services (exclusive of VAT)

18	Departmental Manager	Requisitions less than £5,000
18 / 21	Clinical Director/Directorate Manager	Requisitions less than £10,000
18 / 21	ADOP/ Divisional Director	Requisitions less than £25,000
18 / 21	Executive Director	Requisitions less than £100,000
18 / 21	Not delegated (Trust Board)	Requisitions valued at up to £100,000 and above
18 / 21	Director of Pharmacy	Pharmacy requisitions less than £100,000
18 / 21	As other requisitions, e.g. Pharmacy	Requisitions valued at up to £100,000 and above

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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
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Non Pay Revenue and Capital Expenditure/Requisitioning/Ordering/Payment of Goods & Services (exclusive of VAT) - continued

18 / 21	Chief Executive and Finance Director	Non-Pay Expenditure for which no specific budget has been set up and which is not subject to funding under delegated powers or virement (Subject to the limits specified above in (4))
45 /21	Chief Executive or Finance Director or Facilities Director	Capital Schemes - Selection of architects, quantity surveyors, consultant engineer and other professional advisors
45 /21	Finance Director or Nominated Deputy or Facilities Director	Capital Schemes - Financial monitoring and reporting on all capital scheme expenditure
45 /21	Facilities Director Chief Executive Not Delegated (Trust Board)	Capital Schemes - Variation in the approved costs of individual schemes:- From 0% to 10% to a maximum of £100,000 From 10% to 20% to a maximum of £249,999 Over 20% or £250,000

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
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Non Pay Revenue and Capital Expenditure/Requisitioning/Ordering/Payment of Goods & Services (exclusive of VAT) - continued

45/21	Finance Director	Granting and termination of leases with annual aggregated rent less than £100,000
	Chief Executive or Finance Director and non Executive Director	Granting and termination of leases with annual aggregated rent up to or greater than £100,000 to £249,999
	Not Delegated (Trust Board)	Granting and termination of leases with annual aggregated rent up to or greater than £250,000

5. Quotation, Tendering & Contract Procedures (exclusive of VAT)

15	All	Requisitions less than £10,000 demonstrate good practice
15	Finance Director	Inviting a minimum 3 written quotations for goods/services: From £10,000 to £50,000
15	Chief Executive	Inviting a minimum of 5 formal tenders for goods/services: From £50,000 to £200,000

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Quotation, Tendering & Contract Procedures (exclusive of VAT) - continued

15	Not Delegated (Trust Board)	Greater than £200,000
15	As above	waiving competitive tender to allow competitive quotations or waiving competitive quotation to allow single quotation:
15	An Executive Director and a Non Executive Director	Opening Tenders

6. Setting of Fees and Charges

14	Finance Director or Nominated Deputy	Private Patient, Income Generation and other patient related services
14	Finance Director and Director of Operations	Charges for Service and Financial Frameworks, Waiting List Initiatives and other agreements for healthcare provision.

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7. Engagement of Staff Not On the Establishment

46/17	ADOP or Executive Director or Finance Director	(a) -Non Medical Consultancy Staff where aggregate commitment in any one year (or total commitment) is less than £20,000
46/17	Finance Director	(b) Where aggregate commitment in any one year (or total commitment) is less than £20,000
46/17	Chief Executive or Finance Director	(c) Where aggregate commitment in any one year is more than £74,999
46/17	Chief Executive or Executive Director	(d) Engagement of Trust's Solicitors
46/17	ADOP or Director or Departmental Manager	(e) Booking of Bank , or Agency Staff <ul style="list-style-type: none"> • Medical Locums • Nursing • Clerical

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
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8. Expenditure of Charitable and Endowment Funds

26	Folio Signatory, or Chief Executive – to Charitable Funds Committee for Information	Up to £10,000 per request
26	Chief Executive & Finance Director or Chairman of Charitable Funds Committee	Up to £25,000 per request
26	Charitable Funds Committee	Above £25,000 per request

9. Agreements/Licenses

26	Facilities Director/Director of Human Resources and Organisational Development	(a) Preparation and signature of all tenancy agreements/licenses for all staff subject to Trust Policy on accommodation for staff
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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
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Agreements/Licenses - continued

26	Facilities Director	(b) Extensions to existing leases
26	Facilities Director & Finance Director Human Resources and Organisational Development	(c) Letting of premises to outside organisations
26	Facilities Director	(d) Approval of rent based on professional assessment

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
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10. Condemning & Disposal

23	Directorate/Departmental Manager	(a) Items obsolete, obsolescent, redundant, irreparable or cannot be repaired cost effectively
	Condemning Officer	i) with current/estimated purchase price <£500
	Directorate/Departmental Manager	ii) with current purchase new price >£500 and < £1000.
	ADOP	iii) with current purchase new price >£1000 and < £5000.
	Finance Director	iv) with current purchase new price >£5000
	Head of Radiology	v) disposal of x-ray films (subject to estimated income of £5,000 per sale)
	Finance Director	vi) disposal of x-ray films (subject to estimated income exceeding £5,000 per sale)
	Finance Director	vii) disposal of mechanical and engineering plant (subject to estimated income of less than £5,000 per sale)
Finance Director	viii) disposal of mechanical and engineering plant (subject to estimated income exceeding £5,000 per sale)	

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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
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11. Losses, Write-off & Compensation

23	Chief Executive and Finance Director	(a) Losses and Cash due to theft, fraud, overpayment & others up to £50,000
	Chief Executive and Finance Director	(b) Fruitless Payments (including abandoned Capital Schemes) Up to £250,000
	Finance Director	(c) Bad Debts and Claims Abandoned. Private Patients, Overseas Visitors & Other Up to £50,000
	Chief Executive or Finance Director	(d) Damage to buildings, fittings, furniture and equipment and loss of equipment and property in stores and in use due to: Culpable causes (eg fraud, theft, arson) or other up to £50,000
	Chief Executive or Finance Director	(e) Compensation payments made under legal obligation
	Chief Executive or Finance Director	(f) Extra Contractual payments to contractors up to £50,000
	Directorate / Departmental Manager	Ex-Gratia Payments: (g) Patients and staff for loss of personal effects less than £99.99
	ADOP/Clinical/Executive Director	Between £100 and £499.99
Deputy Chief Executive or Finance Director	Between £500 and £999.99	

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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
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Losses, Write-off & Compensation – continued

23	Chief Executive or Finance Director	£1,000 to £50,000
	Chief Executive or Finance Director	(h) For clinical negligence up to £1,000,000 (negotiated settlements)
	Chief Executive and Finance Director	(i) For personal injury claims involving negligence where legal advice has been obtained and guidance applied Up to £1,000,000 (including plaintiff's costs)
	Chief Executive and Finance Director	(j) Other, except cases of maladministration where there was no financial loss by claimant £50,000
	Audit Committee	(k) Approval of individual losses write off and compensation payments above £50,000

12. Reporting of Incidents to the Police

23	Duty Manager	(a) Where a criminal offence is suspected (i) criminal offence of a violent nature (ii) other
	Finance Director	(b) Where a fraud is involved

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13. Petty Cash Disbursements (not applicable to central Cashiers Office)

<u>1823</u>	Petty Cash Holder	(a) Expenditure up to £25 per item
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14. Receiving Hospitality

<u>1823</u>	Declaration required in Trust's Hospitality Register	Applies to both individual and collective hospitality receipt items. In excess of £25.00 per head or per item received.
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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
23	Finance Director Finance Director Finance Director Budget Manager Executive Directors meeting or Finance Director Executive Director Director of Human Resources and Organisational Development Directorate/Departmental Managers or Clinical/ Executive Directors Executive Directors Meeting	15. Implementation of Internal and External Audit Recommendations 16. Maintenance & Update on Trust Financial Procedures 17. Investment of Funds (including Charitable & Endowment Funds) 18. Personnel & Pay a) Authority to fill funded post on the establishment with permanent staff. (Subject to vacancy panel approval). b) Authority to appoint staff to post not on the formal establishment. c) <u>Additional Increments</u> The granting of additional increments to staff within budget d) <u>Upgrading & Regarding</u> All requests for upgrading/regarding shall be dealt with in accordance with Trust Procedure e) <u>Establishments</u> i) Additional staff to the agreed establishment with specifically allocated finance. ii) Additional staff to the agreed establishment without specifically allocated finance.

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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
	<p>Director of Human Resources and Organisational Development or Nominated Deputy</p> <p>Directorate/Departmental Managers or Clinical/ Executive Directors</p> <p>“ “</p> <p>“ “</p> <p>“ “</p> <p>Directors of Finance and Human Resources and Organisational Development /Chief Executive or Remuneration Committee</p> <p>Line/Departmental Manager</p> <p>Line/Departmental Manager</p>	<p>f) <u>Pay</u></p> <p>i) Authority to complete standing data forms effecting pay, new starters, variations and leavers</p> <p>ii) Authority to complete and authorise positive reporting forms</p> <p>iii) Authority to authorise overtime</p> <p>iv) Authority to complete and authorise positive reporting forms</p> <p>v) Authority to authorise travel& subsistence expenses</p> <p>vi) Approval of Performance, Related Pay Assessment</p> <p>g) <u>Leave</u></p> <p>i) Approval of annual leave</p> <p>ii) Annual leave - approval of carry forward (up to maximum of 5 days)</p>

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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
Agenda for Change; Terms & Conditions of Service Handbook	Directorate/Departmental Manager Director of Human Resources and Organisational Development/Executive Director Directorate/Departmental Manager Clinical/Executive Director Directorate/Departmental Manager Clinical/Executive Director Clinical/Executive Director Medical Director and Chief Executive Line Manager/ Directorate/Departmental Manager	iii) Annual leave - approval of carry over in excess of 5 days but less than 10 days. iv) Annual leave - approval to carry forward 10 days or more. v) Compassionate leave up to 3 days vi) Compassionate leave up to 6 days vii) Special leave arrange - carers leave - up to 3 days - up to 5 days viii) Leave without pay ix) Medical Staff Leave of absence paid and unpaid x) Time off in lieu

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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
Agenda for Change; Terms & Conditions of Service Handbook	Automatic approval within guidance	xi) Maternity Leave – paid and unpaid
	Approval within guidance	xii) Paternity Leave h) <u>Sick Leave</u>
	Executive Director in conjunction with Director of Human Resources and Organisational Development	i) Extension of sick leave on half pay up to three months
	Executive Director in conjunction with Director of Human Resources and Organisational Development	ii) Return to work part-time on full pay to assist recovery
	Director of Human Resources and Organisational Development or Chief Executive	iii) Extension of sick leave on full pay
	Medical Director & Finance Director. Medical Director and Chief Executive	g) Study Leave i) Study leave outside the UK i) Medical staff study leave (UK)

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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
Trust Grievance Procedure	Clinical/Executive Director or Directorate/ Departmental Manager	iii) All other study leave (UK)
		j) Removal Expenses, Excess Rent and House Purchases Authorisation of payment of removal expenses incurred by officers taking up new appointments (providing consideration was promised at interview)
	Director of Human Resources and Organisational Development	i) up to £10,000
	Chief Executive	ii) over £10,000
	Director of Human Resources and Organisational Development	k) Grievance Procedure All grievances cases must be dealt with strictly in accordance with the Grievance Procedure and the advice of a Human Resources Officer must be sought when the grievance reaches the level of General Manager
	Finance Director	l) <u>Authorised Car & Mobile Phone Users</u> Requests for new posts to be authorised as car users
	Facilities Director	Requests for new posts to be authorised as mobile telephone users
	Chief Executive or Clinical Director or Executive Director Director of HR and Organisational Development	m) Renewal of Fixed Term Contract n) Staff Retirement Policy Authorisation of extensions of contract beyond normal retirement age in exceptional circumstances

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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
<p>Disciplinary Procedures</p> <p>18</p>	<p>Director of Human Resources and Organisational Development & Remuneration Committee</p> <p>Director of Human Resources and Organisational Development</p> <p>Dismissing Officers</p> <p>Clinical Director</p> <p>Drugs & Therapeutics Committee and referred to Clinical Effectiveness Committee. If additional funding is required proposal submitted to Executive Directors for consideration.</p>	<p>o) Redundancy</p> <p>p) Ill Health Retirement Decision to pursue retirement on the grounds of ill-health</p> <p>q) Dismissal</p> <p>19. Authorisation of New Drugs</p> <ul style="list-style-type: none"> • Estimated total yearly cost up to £25,000 and within existing budgetary limits • Estimated total yearly cost above £25,000

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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
29	<p>Chief Executive, Medical Director, Ethics Committee</p> <p>Chief Executive, Research & Development Director, Research & Development Coordinator</p> <p>Ethics Committee, Chief Executive, Medical Director & Deputy and Deputy Chief Executive</p> <p>Chief Executive, Finance Director , Deputy Chief Executive and Risk Management Committee</p> <p>Director of Nursing and Quality</p> <p>Directorate Manager</p> <p>Medical Director</p>	<p>20. Authorisation of Sponsorship deals</p> <p>21. Authorisation of Research Projects</p> <p>22. Authorisation of Clinical Trials</p> <p>23. Insurance Policies and Risk Management</p> <p>24. Patients & Relatives Complaints</p> <p>a) Overall responsibility for ensuring that all complaints are dealt with effectively</p> <p>a) Responsibility for ensuring complaints relating to a directorate are investigated thoroughly.</p> <p>b) Medico - Legal Complaints Co-ordination of their management.</p>

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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
	<p>Press Officer</p> <p>On call Manager/Director</p> <p>Chief Executive or Press Officer</p> <p>On-call Manager/On-call Executive Director</p> <p>Control of Infection Consultant</p> <p>Chief Executive or Director of Nursing and Quality</p> <p>Director of Operations and Directorate Manager</p> <p>Director of Operations and Directorate Manager</p>	<p>25. Relationships with Press</p> <p>a) Non-Emergency General Enquiries</p> <ul style="list-style-type: none"> • Within Hours • Outside Hours <p>a) Emergency</p> <ul style="list-style-type: none"> • Within Hours • Outside Hours <p>26. Infectious Diseases & Notifiable Outbreaks</p> <p>27. Extended Role Activities</p> <p>Approval of Nurses to undertake duties / procedures which can properly be described as beyond the normal scope of Nursing Practice</p> <p>28. Patient Services</p> <p>a) Variation of operating and clinic sessions within existing numbers</p> <ul style="list-style-type: none"> • Outpatients

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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
	<p>Director of Operations and Directorate Manager</p> <p>Director of Operations and Directorate Manager</p> <p>Bed Manager</p> <p>Executive Directors Meeting</p> <p>Director of Operations and Finance Director</p> <p>Medical Director or Director of Nursing & Quality</p> <p>Director of Human Resources and Organisational Development</p> <p>Facilities Director</p> <p>Facilities Director</p>	<ul style="list-style-type: none"> • Theatres • Other <p>b) All proposed changes in bed allocation and use</p> <ul style="list-style-type: none"> • Temporary Change • Permanent Change • Activity monitoring & reporting <p>29. Facilities for staff not employed by the Trust to gain practical experience</p> <p>Professional Recognition, Honorary Contracts, & Insurance of Medical Staff.</p> <p>Work experience students</p> <p>30. Review of fire precautions</p> <p>31. Review of all statutory compliance legislation and Health and Safety requirements including control of Substances Hazardous to Health Regulations</p>

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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED	
24	Medical Director	32. Review of Medicines Inspectorate Regulations	
	Facilities Director	33. Review of compliance with environmental regulations, for example those relating to clean air and waste disposal	
	Finance Director	34. Review of Trust's compliance with the Data Protection Act	
	Finance Director	35. Monitor proposals for contractual arrangements between the Trust and outside bodies	
	Finance Director	36. Review the Trust's compliance with the Access to Records Act	
	Finance Director	37. Review of the Trust's compliance code of Practice for handling confidential information in the contracting environment and the compliance with "safe haven" per EL 92/60	
	SO7	Chief Executive	38. The keeping of a Declaration of Interests Register.
	SO8	Chairman/Chief Executive	39. Attestation of sealings in accordance with Standing Orders
		Chief Executive	40. The keeping of a register of Sealings
	27	Chief Executive	41. The keeping of the Hospitality Register
28	Chief Executive	42. Retention of Records	
	Clinical Directors & Risk Management Committee	43. Clinical Audit	

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STANDING FINANCIAL INSTRUCTIONS

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9. INTRODUCTION

9.1 General

- 9.1.1 The Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust (the “Trust”) became a Public Benefit Corporation on 1 December 2007 following authorisation by “Monitor” the independent regulator of NHS Foundation Trusts (the “Independent Regulator”) pursuant to s35 of the National Health Service Act 2006 (the “2006 Act”). These Standing Financial Instructions (“SFIs”) together with the Standing Orders of the Trust’s Board of Directors (“SOs”) are issued for the regulation of the conduct of the Trust’s members and officers in relation to all financial matters with which they are concerned. They shall have effect as if incorporated in the SOs of the Trust’s Board of Directors.
- 9.1.2 These SFIs detail the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that the Trust’s financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Decisions Reserved to the Board and the Scheme of Reservation and Delegation (the “Scheme of Reservation and Delegation”) adopted by the Trust.
- 9.1.3 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 and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Finance Director.
- 9.1.4 Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of the Finance Director must be sought before acting. The user of these SFIs should also be familiar with and comply with the provisions of the Trust’s SOs.
- 9.1.5 **The failure to comply with SFIs and SOs can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.**
- 9.1.6 **Overriding SFIs** – If for any reason these SFIs are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit Committee for referring action or ratification. All members of the Trust Board and staff have a duty to disclose any non-compliance with these SFIs to the Finance Director as soon as possible.

9.2 Responsibilities and delegation

9.2.1 The Trust Board

The Board exercises financial supervision and control by:

- (a) formulating the financial strategy;
- (b) requiring the submission and approval of budgets within approved allocations/overall income;
- (c) defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money);

- (d) defining specific responsibilities placed on members of the Board and employees as indicated in the Scheme of Reservation and Delegation document.
- 9.2.2 The Board will delegate responsibility for the performance of its functions in accordance with its Constitution, the SOs and the Scheme of Reservation and Delegation adopted by the Trust. The extent of delegation shall be kept under review by the Trust Board. The Trust Board must approve the terms of reference of all committees reporting directly to the Trust Board

9.2.4 **The Chief Executive and Finance Director**

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

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

- 9.2.5 It is a duty of the Chief Executive to ensure that Members of the Board and, employees and all new appointees are notified of, and put in a position to understand their responsibilities within these SFIs.

9.2.6 **The Finance Director**

The Finance Director is responsible for:

- (a) ensuring that these SFIs are appropriate and up to date;
- (b) implementing the Trust's financial policies and for coordinating any corrective action necessary to further these policies;
- (c) 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 SFIs;
- (d) 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
- (e) without prejudice to any other functions of the Trust, and employees of the Trust, the duties of the Finance Director include:
 - i. the provision of financial advice to other members of the Trust Board and employees;
 - ii. the design, implementation and supervision of systems of internal financial control;
 - iii. the preparation and maintenance of such accounts, certificates, estimates, records and reports as the Trust may require for the purpose of carrying out its statutory duties.

9.2.7 **Board Members and Employees**

All members of the Board and employees, severally and collectively, are responsible for:

- (a) the security of the property of the Trust;
- (b) avoiding loss;
- (c) exercising economy and efficiency in the use of resources;
- (d) conforming with the requirements of SOs, SFIs, and the Scheme of Reservation and Delegation.

9.2.8 **Contractors and their employees**

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

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

10. AUDIT

10.1 Audit Committee

10.1.1 In accordance with the Constitution and the SOs, the Board shall formally establish an Audit Committee, with clearly defined terms of reference and following guidance from the the Audit Code for NHS Foundation Trusts (the "Audit Code"), NHS Foundation Trust Accounting Officer Memorandum (April 2008) (the "Accounting Officer Memorandum") and Monitor's Foundation Trust Code of Governance (the "Code of Governance") which will provide an independent and objective view of internal control by:

- (a) overseeing Internal and External Audit services and also services provided by the Local Counter Fraud Specialist;
- (b) reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgments;
- (c) review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives;
- (d) monitoring compliance with SOs and these SFIs;
- (e) reviewing schedules of losses and compensations and making recommendations to the Board;
- (f) reviewing schedules of debtors/creditors balances over 6 months old and explanations/action plans;
- (g) Reviewing the arrangements in place to support any assurance framework process prepared on behalf of the Board and advising the Trust Board accordingly.

10.1.2 Where the Audit Committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wishes to raise, the Chairman of the Audit Committee should raise the matter at a full meeting of the Board. Exceptionally, the matter may need to be referred to either the Independent Regulator or the Department of Health (as appropriate). Matters should be referred to the Finance Director in the first instance.

10.1.3 It is the responsibility of the Finance Director to ensure an adequate Internal Audit service is provided and the Audit Committee shall be involved in the selection process when/if an Internal Audit service provider is changed.

10.2 Finance Director

10.2.1 The Finance Director is responsible for:

- (a) ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective Internal Audit function as required by the Accounting Officer Memorandum and the Audit Code;
- (b) ensuring that the Internal Audit is adequate and meets the NHS mandatory audit standards and those of other appropriate regulatory bodies (including, but not limited to, the requirements of the Audit Code, and Accounting Officer Memorandum and the Audit Code for NHS Foundation Trusts);

- (c) deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption;
- (e) ensuring that an annual internal audit report is prepared for the consideration of the Audit Committee and the Board. The report must cover:
 - (i) a clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the Independent Regulator including for example compliance with control criteria and standards. This opinion provides assurance to the Accounting Officer, especially when preparing statements of internal control and also provides assurance for the Audit Committee;
 - (ii) major internal financial control weaknesses discovered;
 - (iii) progress on the implementation of internal audit recommendations;
 - (iv) progress against plan over the previous year;
 - (v) strategic audit plan covering the coming three years;
 - (vi) a detailed plan for the coming year.

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

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

10.3 Role of Internal Audit

10.3.1 Internal Audit will review, appraise and report upon:

- (a) the extent of compliance with, and the financial effect of, relevant established policies, plans and procedures;
- (b) the adequacy and application of financial and other related management controls;
- (c) the suitability of financial and other related management data;
- (d) the extent to which the Trust's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
 - (i) fraud and other offences;
 - (ii) waste, extravagance, inefficient administration;
 - (iii) poor value for money or other causes;
 - (iv) any form of risk, including but not limited to business and financial risk.
- (e) Internal Audit shall also independently verify the Assurance Statements in accordance with guidance from the Independent Regulator or, where appropriate, the Department of Health.

- 10.3.2 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores, or other property or any suspected irregularity in the exercise of any function of a pecuniary nature, the Finance Director must be notified immediately. In the case of alleged or suspected Fraud the Local Counter Fraud Specialist must be notified.
- 10.3.3 The Chief Internal Auditor 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.
- 10.3.4 The Chief Internal Auditor shall be accountable to the Finance Director. The reporting system for internal audit shall be agreed between the Finance Director, the Audit Committee and the Chief Internal Auditor. The agreement shall be in writing and shall comply with the guidance on reporting contained in the Audit Code, the NHS Foundation Trust Financial Reporting Manual (the "Financial Reporting Manual") and the Accounting Officer Memorandum. The reporting system shall be reviewed at least every three years.

10.4 External Audit

- 10.4.1 The External Auditor is appointed by the Audit Commission and paid for by the Trust. The Audit Committee must ensure a cost-efficient service. If there are any problems relating to the service provided by the External Auditor, then this should be raised with the External Auditor via the Audit Committee and referred on to the Audit Commission if the issue cannot be resolved.

10.5 Fraud and Corruption

- 10.5.1 In line with their responsibilities, the Trust Chief Executive and Finance Director shall monitor and ensure compliance with Directions issued by the Secretary of State for Health on fraud and corruption.
- 10.5.2 The Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist as specified by the Department of Health Fraud and Corruption Manual and guidance.
- 10.5.3 The Local Counter Fraud Specialist shall report to the Trust Finance Director and the Audit Committee and shall work with staff in the Counter Fraud and Security Management Services (CFSMS) in accordance with the Department of Health Fraud and Corruption Manual.
- 10.5.4 The Local Counter Fraud Specialist will provide a written report, at least annually, on counter fraud work within the Trust and on a regular basis at each Audit Committee meeting.

10.6 Security Management

- 10.6.1 In line with their responsibilities, the Trust Chief Executive will monitor and ensure compliance with guidance issued by the Independent Regulator and the Department of Health (as appropriate) on NHS security management.
- 10.6.2 The Trust shall nominate a suitable person to carry out the duties of the Local Security Management Specialist (LSMS) as specified by the Secretary of State for Health guidance on NHS security management.
- 10.6.3 The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the Security Management Director (SMD) and the appointed LSMS.

- 10.6.4 The LSMS shall report to the Chief Executive and/or the SMD and shall work with staff in the NHS Business Services Authority's Counter Fraud and Security Management Service Division, in accordance with the Directions of the Secretary of State for Health on NHS Security Management.
- 10.6.5 The LSMS will provide a written annual report on security management work within the Trust to the Trust Board.

11. ALLOCATIONS, PLANNING, BUDGETS, BUDGETARY CONTROL, AND MONITORING

11.1 Preparation and Approval of Plans and Budgets

11.1.1 Prior to the start of the financial year, the Chief Executive will compile and submit to the Board an Annual Plan which takes into account financial targets and forecast limits of available resources. The Annual Plan will:

- (a) contain a statement of the significant assumptions on which the plan is based;
- (b) contain details of major changes in workload, delivery of services or resources required to achieve the plan;
- (c) comply fully with mandatory requirements as detailed in the Trust's Terms of Authorisation.

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

- (a) be in accordance with the aims and objectives set out in the [Trust Business Plan];
- (b) accord with workload and manpower plans;
- (c) be produced following discussion with appropriate budget holders;
- (d) be prepared within the limits of available funds;
- (e) identify potential risks.

11.1.3 The Finance Director shall monitor financial performance against budget and plan, periodically review them, and report to the Board.

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

11.1.5 All budget holders will sign up to their allocated budgets at the commencement of each financial year.

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

11.3 Budgetary Delegation

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

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

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

11.3.3 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.

11.3.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the Finance Director.

11.4 Budgetary Control and Reporting

11.4.1 The Finance Director will devise and maintain systems of budgetary control. These will include:

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

11.4.2 Each Budget Holder is responsible for ensuring that:

- (a) any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Board;
- (b) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement;
- (c) no permanent employees are appointed without the approval of the Chief Executive other than those provided for within the available resources and manpower establishment as approved by the Board.

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

11.5 Capital Expenditure

11.5.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. (The particular applications relating to capital are contained in SFI 21).

11.6 Monitoring Returns

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

12. ANNUAL ACCOUNTS AND REPORTS

- 12.1 The Finance Director, on behalf of the Trust, will:
- (a) prepare financial returns in accordance with the accounting policies and guidance given by the Independent Regulator and the Treasury, the Trust's accounting policies, and generally accepted accounting practice;
 - (b) prepare and submit annual financial reports to the Independent Regulator certified in accordance with the 2006 Act and current guidelines;
 - (c) submit financial returns to the Independent Regulator for each financial year in accordance with the timetable prescribed by the Independent Regulator.
- 12.2 The Trust's annual accounts must be audited by an auditor appointed by the Audit.
- 12.3 The Trust's annual accounts and its auditor's conclusions will be reviewed by the Audit Committee. The Audit Committee will make a formal recommendation to the Trust Board for the annual accounts to be approved. The Trust's audited annual accounts must be presented to a public meeting and made available to the public in accordance with the 2006 Act.
- 12.4 The Trust will publish an annual report, in accordance with the Constitution and Schedule 7 of the 2006 Act, and present it at a public meeting. The document will comply with the Financial Reporting Manual and be sent to Monitor and the Treasury.

13. BANK AND OPG ACCOUNTS

13.1 General

13.1.1 The Finance Director 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/ Directions issued from time to time by the Independent Regulator or (if appropriate) the Department of Health.

13.1.2 The Board shall approve the banking arrangements.

13.2 Bank and OPG Accounts

13.2.1 The Finance Director is responsible for:

- (a) bank accounts and Office of the Paymaster General (OPG) accounts;
- (b) establishing separate bank accounts for the Trust's non-exchequer funds;
- (c) ensuring payments made from bank or OPG accounts do not exceed the amount credited to the account except where arrangements have been made;
- (d) reporting to the Board all arrangements made with the Trust's bankers for accounts to be overdrawn.
- (e) monitoring compliance with guidance from the Independent Regulator and (to the extent appropriate) the Department of Health on the level of cleared funds.

13.3 Banking Procedures

13.3.1 The Finance Director will prepare detailed instructions on the operation of bank and OPG accounts which must include:

- (a) the conditions under which each bank and OPG account is to be operated;
- (b) those authorised to sign cheques or other orders drawn on the Trust's accounts.

13.3.2 The Finance Director must advise the Trust's bankers in writing of the conditions under which each account will be operated.

13.4 Tendering and Review

13.4.1 The Finance Director will review the commercial 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 commercial banking business.

13.4.2 Competitive tenders should be sought at least every four years. The results of the tendering exercise should be reported to the Board. This review is not necessary for OPG accounts.

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

14.1 Income Systems

- 14.1.1 The Finance Director is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due.
- 14.1.2 The Finance Director is also responsible for the prompt banking of all monies received.

14.2 Fees and Charges

- 14.2.1 The Finance Director is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Independent Regulator and/or the Department of Health and/or by statute. Independent professional advice on matters of valuation shall 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 or any successor guidance shall be followed.
- 14.2.2 All employees must inform the Finance Director promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.

14.3 Debt Recovery

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

14.4 Security of Cash, Cheques and other Negotiable Instruments

- 14.4.1 The Finance Director is responsible for:
- a) approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable;
 - b) ordering and securely controlling any such stationery;
 - c) the provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines;
 - d) prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust.
- 14.4.2 Official money shall not under any circumstances be used for the encashment of private cheques or IOUs.
- 14.4.3 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Finance Director.
- 14.4.4 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.

15. TENDERING AND CONTRACTING PROCEDURE

15.1 Duty to comply with Standing Orders and Standing Financial Instructions

The procedure for making all contracts by or on behalf of the Trust shall comply with these SOs and SFIs (except where Standing Order No. 3.13 Suspension of Standing Orders is applied).

This SFI is structured in the following sections:

- a) Legislation and Policy Framework, referring to the main requirements of law and policy. This section is not definitive and other guidance may also be applicable to any decision or procurement (SFIs 15.1 to 15.3 inclusive);
- b) The decision to tender and exceptions to the requirements to tender (SFI 15.4);
- c) Tendering Procedure, where a decision is made to tender pursuant to SFI 15.4 (SFI 15.5);
- d) Quotations (SFI 15.6);
- e) Evaluation of tenders and quotations (SFI 15.7);
- f) Award of contracts (SFI 15.8);
- g) Form of Contract (SFI 15.9);
- h) Specific Requirements (SFI 15.10).

15.2 Legislation Governing Public Procurement

15.2.1 The Trust shall comply with the Public Contracts Regulations 2006 (the "Regulations") and any EU Directives relating to EU procurement law having direct effect in England (the "Directives") and any other duties derived from the EU Treaty ("Treaty Obligations") and any duties derived from the UK common law ("Common Law Duties") (the Regulations, Directives, Treaty Obligations and Common Law Duties together are referred to elsewhere in these SFIs as "Procurement Legislation"). The Procurement Legislation as from time to time amended shall have effect as if incorporated into these SFIs.

15.2.2 The Trust should consider obtaining support from the NHS Supply Chain and/or the Office of Government Commerce where relevant and/or any suitably qualified professional advisor (including where appropriate legal advisors to ensure compliance with Procurement Legislation when engaging in tendering procedures).

15.2.3 The Trust shall consider the application of any applicable duty to consult or engage the public or any relevant overview and scrutiny committee of a local authority prior to commencing any procurement process for a contract opportunity.

15.3 Guidance on Procurement and Commissioning

The Trust should have regard to all relevant guidance issued in relation to the conduct of procurement practice to the extent applicable:

15.4 Decision to Tender and Exceptions to Requirement to Tender

15.4.1 Presumption to Tender

Where:

- a) a contract opportunity that is required to be tendered under the Regulations (i.e. the contract opportunity is governed by the Regulations and the value of the contract opportunity as calculated pursuant to the Regulations exceeds the relevant financial threshold for the requirement to run a formal tender process); or
- b) the contract would pass the Cross Border Test. The Cross Border Test is passed (subject to any subsequent judicial precedent in the UK Courts or the European Court of Justice) if the contract opportunity under consideration would be (whatever the value of the contract and whether or not the contract opportunity is a Part B service under the Regulations, or falls outside the requirement to tender under the Regulations) of certain interest to any body located in a member state of the European Union other than the United Kingdom; or
- c) a contract opportunity is estimated by the Trust (acting reasonably) to be expenditure for the Trust of more than £50,000 exclusive of VAT;

then subject to SFI 15.4.3 the Trust shall ensure that contract opportunities with the Trust are advertised in accordance with SFI 15.5.3 and where more than one response is received that competitive tenders are invited in accordance with SFI 15.5.6 for:

- a) the supply of goods, materials and manufactured articles;
- b) the rendering of services including all forms of management consultancy services;
- c) the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens); and
- d) subject to SFI 15.10.1 disposals.

15.4.2 Sub-contracting Health Care Services: Decision to Tender

Health care services are classed as Part B Services under the Regulations. As such, no requirement to advertise arises by virtue of SFI 15.4.1a) above, but may do under SFI 15.4.1 b) and each contract opportunity should be assessed against the Cross Border Test.

15.4.3 Exceptions and instances where formal tendering need not be applied

Where a contract opportunity is required to be tendered under 15.4.1 such contract opportunities need not be advertised and tendered and formal tendering procedures **need not be applied** where:

- a) **the expenditure estimated by the Trust (acting reasonably) is expenditure for the Trust of £50,000 or less exclusive of VAT.**
- b) any disposal falling within SFIs 15.10.1;
- c) the requirement can be met by an existing contract without infringing Procurement Legislation;

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- d) the Trust is entitled to call off from a Framework Agreement and the requirements of SFI 15.4.6 (use of Framework Agreements) have been followed;
- e) a consortium arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the Trust;
- f) an exception permitting the use of the negotiated procedure without notice validly applies under regulation 14 of the Regulations;

Formal tendering procedures **may be waived** in the following circumstances:

- g) in exceptional circumstances where the appropriate authorised Trust officers in line with the Trust Scheme of Reservation and Delegation decides that formal tendering procedures would not be practicable or the estimated expenditure would not warrant formal tendering procedures, and the circumstances are formally detailed and maintained in an appropriate Trust waiver document;
- h) where the timescale genuinely precludes competitive tendering for reasons of extreme urgency brought about by events unforeseeable by the Trust and not attributable to the Trust. Failure to plan work properly is not a justification for waiving the requirement to tender;
- i) where the works, services or supply required are available from only one source for technical or artistic reasons or for reasons connected with the protection of exclusive rights;
- j) when the goods required by the Trust are a partial replacement for, or in addition to, existing goods and to obtain the goods from a supplier other than the supplier who supplied the existing goods would oblige the Trust to acquire goods with different technical characteristics and this would result in:
 - i. incompatibility with the existing goods; or
 - ii. disproportionate technical difficulty in the operation and maintenance of the existing goods but no such contract may be entered in for a duration of more than three years,
- k) when works or services required by the Trust are additional to works or services already contracted for but for unforeseen circumstances such additional works or services have become necessary and that such additional works or services:
 - i. cannot for technical or economic reasons be carried out separately from the works or services under the original contract without major inconvenience to the Trust; or
 - ii. can be carried out or provided separately from the works or services under the original contract but are strictly necessary to the latest stages of performance of the original contract,

provided that the value of such additional works or services does not exceed 50% of the value of the original contract;
- l) for the provision of legal advice and/or services provided that any provider of legal advice and/or services commissioned by the Trust is regulated by the Solicitors Regulation Authority for the conduct of their business

(or by the Bar Council for England and Wales in relation to the obtaining of Counsel's opinion) and are generally recognised as having sufficient expertise in the area of work for which they are commissioned. The Finance Director will ensure that any fees paid are reasonable and within commonly accepted rates for the costing of such work.

15.4.4 **Monitoring and Audit of Decision to Tender**

- a) The waiving of competitive tendering procedures should not be used with the object of avoiding competition or solely for administrative convenience or subject to SFIs 15.4.3 h) to k) to award further work to a provider originally appointed through a competitive procedure.
- b) Where it is decided that competitive tendering or competitive quotations need not be applied or should be waived, the fact of the waiver and the reasons should be documented and recorded in an appropriate Trust waiver document and where required reported to the Audit Committee at each meeting.
- c) All waiver documents shall be maintained by the appropriate authorised Trust officers. The definition of where required as set out above in 15.4.4 b) will be for all undertakings that exceed £50,000 exclusive of VAT.

15.4.5 **Contracts which subsequently breach thresholds after original approval not to tender**

Contract opportunities estimated to be below the financial limits set in this SFI 15 or below the threshold for the application of the requirement to tender under the Regulations, for which formal tendering procedures are not used, but which subsequently prove to have a value above such limits shall be formally reported to the appropriate authorised Trust officers in line with the Trust Scheme of Reservation and Delegation and be recorded in an appropriate Trust **waiver document**.

15.4.6 **Use of Framework Agreements**

The Trust may utilise any available framework agreement to satisfy its requirements for works, services or goods but only if it complies with the requirements of Procurement Legislation in doing so, which include (but are not limited to) ensuring that:

- a) the framework agreement was procured on its behalf. The Trust should satisfy itself that the original procurement process included the Trust within its scope;
- b) the framework agreement includes the Trust's requirement within its scope. The Trust should satisfy itself that this is the case;
- c) where the framework agreement is a multi-operator framework agreement, the process for the selection of providers to be awarded call-off contracts under the framework agreement is followed; and
- d) the call-off contract entered into with the provider contains the contractual terms set out by the framework agreement.

15.4.7 **In-House Services: Decision to Tender Services**

The appropriate authorised Trust officers in line with the Trust Scheme of Reservation and Delegation shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis. The Trust may also determine from time to time that in-house services should be market tested by competitive tendering.

15.5 Tendering Procedure

15.5.1 Equality of Treatment

The Trust shall ensure that no sector of any market (public, private, third sector/social enterprise) is given an unfair advantage in the design or conduct of any tender process.

15.5.2 Non-Discrimination

- a) The subject matter and the scope of the contract opportunity should be described in a non-discriminatory manner. The Trust should utilise generic and/or descriptive terms, rather than the trade names of particular products or processes or their manufacturers or their suppliers.
- b) All participants in a tender process should be treated equally and all rules governing a tender process must apply equally to all participants.

15.5.3 Advertisement of Contract Opportunities

Where advertisement of a contract opportunity is required under SFI 15.4.1 then:

- a) where a contract opportunity falls within the Regulations and a process compliant with the Regulations is required, an OJEU Notice should be utilised; or
- b) where a contract opportunity does not fall within the Regulations the Trust shall utilise a form of advertising for such contract opportunity that is sufficient to enable potential providers (including providers in member states of the EU other than the UK) to access appropriate information about the contract opportunity so as to be in a position to express an interest; or
- c) where neither the circumstances described in 15.5.3 a) or b) apply the Trust shall advertise utilising a form of advertising for such contract opportunity that in its reasonable opinion will attract sufficient interest for the Trust to be satisfied that it will achieve responses that will demonstrate value for money.

15.5.4 Choice of Procedure

- a) Where a contract opportunity falls within the Regulations and a process compliant with the Regulations is required then the Trust shall utilise an available tender procedure under the Regulations.
- b) In all other cases the Trust shall utilise a tender procedure proportionate to the value, complexity and risk of the contract opportunity and shall ensure that invitations to tender are sent to a sufficient number of providers to provide fair and adequate competition.
- c) When exercising its obligations under SFI 15.5.4 a) and b) above, and to the extent that such a process complies with the requirements set out in this SFI 15, the Trust may use an electronic tendering process (including the use of reverse e-auctions) for the tendering of contract opportunities.

15.5.5 Invitation to Tender

a) All invitations to tender shall state the date and time as being the latest time for the receipt of tenders.

b) Save where an electronic tendering process is utilised by the Trust all invitations to tender shall state that no tender will be accepted unless:

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- i. submitted in a plain sealed package or envelope bearing a pre-printed label supplied by the Trust (or the word "tender" followed by the subject to which it relates) and the latest date and time for the receipt of such tender addressed to the Chief Executive or nominated Manager;
- ii. that tender envelopes/ packages shall not bear any names or marks indicating the sender. Where courier/postal services are used to deliver tender documents such services must not identify the sender on the envelope or on any receipt so required by the deliverer.

c) Every tender must require each bidder to give a written undertaking, not to engage in collusive tendering or other restrictive practice and not to engage in canvassing the Trust, its employees or officers concerning the contract opportunity tendered.

15.5.6 Receipt and safe custody of tenders

The Chief Executive or his nominated representative (who shall not be from the department that sponsored or commissioned the relevant invitation to tender; referred to as the "Originating Department" for the remainder of this SF1 15) will be responsible for the receipt, endorsement and safe custody of tenders received until the time appointed for their opening.

Where hard copy tenders are received the date and time of receipt of each tender shall be endorsed on the tender envelope/package by the Chief Executive or his nominated representative.

15.5.7 Opening tenders and Register of tenders

- a) As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened (or accessed in the case of electronic tenders) by two senior officers/managers designated by the Chief Executive (who may not be from the Originating Department).
- b) A member of the Trust Board will be required to be one of the two approved persons present for the opening or accessing of tenders estimated to be of a value above £50,000 exclusive of VAT. The rules relating to the opening of tenders will need to be read in conjunction with any delegated authority set out in the Trust's Scheme of Reservation and Delegation.
- c) The involvement of Finance Directorate staff in the preparation of a tender proposal will not preclude the Finance Director or any approved Senior Manager from the Finance Directorate from serving as one of the two senior managers to open tenders. The Board Secretary will count as a Director for the purposes of opening or accessing tenders.
- d) All Executive Directors/members will be authorised to open or access tenders regardless of whether they are from the Originating Department provided that the other authorised person opening the tenders with them is not from the Originating Department.
- e) Every tender received shall be marked with the date of opening or access and initialed by those present at the opening or accessing of such tender.
- f) A register shall be maintained by the Chief Executive, or a person authorised by him, to show for each set of competitive tender invitations despatched:
 - i. the name of all organisations/individuals invited;
 - ii. the names of organisations/individuals from which tenders have been received;
 - iii. the date the tenders were opened;

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- iv. the persons present at the opening;
- v. the price shown on each tender or where this is not practicable a reference to an appropriate record recording such price;
- vi a note where price alterations have been made on the tender and suitably initialled.

Each entry to this register shall be signed by those present at the opening or accessing of the relevant tenders.

A note shall be made in the register if any one tender price has had so many alterations that it cannot be readily read or understood.

15.5.8 Admissibility of tenders

- a) If for any reason the designated officers are of the opinion that the tenders received are not strictly competitive (for example, because their numbers are insufficient or any are amended, incomplete or qualified) no contract shall be awarded without the approval of the Chief Executive.
- b) Where only one tender is sought and/or received, the Chief Executive and Finance Director shall, as far practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for the Trust.

15.5.9 Late tenders

- a) Tenders received after the due time and date, but prior to the opening or accessing of the other tenders, may be considered only if the Chief Executive or his nominated officers decides that there are exceptional circumstances i.e. despatched in good time but delayed through no fault of the tenderer.
- b) Only in the most exceptional circumstances will a tender be considered which is received after the opening or access of the other tenders and only then if the tenders that have been duly opened or accessed have not left the custody of the Chief Executive or his nominated officers or if the process of evaluation and adjudication has not started.
- c) While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential, recorded, and held in safe custody by the Chief Executive or his nominated officers.
- d) Accepted late tenders will be reported to the Trust Board.

15.5.10 Accountability where in-house bid

- a) In all cases where the Trust Board determines that in-house services should be subject to competitive tendering the following groups shall be set up:
 - i. Specification group, comprising the Chief Executive or nominated officers and specialist officers whose function shall be to draw up the specification of the service to be tendered.
 - ii. In-house tender group, comprising a nominee of the Chief Executive and technical support to draw up and submit the in-house tender submission.
 - iii. Evaluation group, comprising normally a specialist officer, a supplies or commissioning officer and a Finance Director representative whose function is to shortlist expressions of interest received and evaluate tenders received. For services having a likely annual expenditure exceeding £100,000, a non-officer member should be a member of the evaluation team.

- b) No officer or employee of the Trust directly engaged or responsible for the provision of the in-house service subject to competitive tendering may be a member of any of the specification or evaluation group established under SFI 15.10 a) but the specification group may consult with and take into account information received from such officers or employees in drawing up the Trust's specification subject at all times to observing the duty of non-discrimination at SFI 15.5.2. No member of the in-house tender group may participate in the evaluation of tenders.
- c) The evaluation group shall make recommendations to the appropriate authorised Trust officers in line with the Trust Scheme of Reservation and Delegation..

15.6 Formal Valid Quotations: Competitive and non-competitive

15.6.1 Requirement to obtain competitive quotations

- a) Subject to SFI 15.6.1 b) and SFI 15.6.1 c) and SFI 15.6.1 d) competitive quotations are required for all contract opportunities where formal tendering procedures are not adopted and where the intended expenditure estimated by the Trust (acting reasonably) is expenditure for the Trust that exceeds £10,000 exclusive of VAT and does not exceed £50,000 exclusive of VAT.
- b) Competitive quotations are not required in the circumstances where a contract opportunity need not be advertised and tendered SFI 15.4.3 b) to f) inclusive.
- c) The requirement for competitive quotations at SFI 15.6.1 a) above may be waived in exceptional circumstances where the appropriate authorised Trust officers in line with the Trust Scheme of Reservation and Delegation decides that seeking competitive quotations would not be practicable for that estimated expenditure would not warrant seeking competitive quotations, and the circumstances are formally detailed and maintained in an appropriate Trust waiver document;
- d) Competitive quotations are not required in circumstances where the requirements to advertise and tender contract opportunity could be waived under SFI 15.4.3 h) to i) inclusive.

15.6.2 Competitive Quotations

Where competitive quotations are required under SFI 15.6.1

- a) quotations should be obtained from at least [3] organisations/individuals based on specifications or terms of reference prepared by, or on behalf of, the Trust.
- b) quotations should be in writing unless the appropriate authorised Trust officers in line with the Trust Scheme of Reservation and Delegation determines that it is impractical to do so in which case quotations may be obtained by telephone. Confirmation of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in an appropriate Trust waiver document.
- c) all quotations should, subject to compliance with the provisions of the Freedom of Information Act 2000, be treated as confidential and should be retained for 6 months from the date of receipt for inspection.
- d) the appropriate authorised Trust officers in line with the Trust Scheme of Reservation and Delegation (who shall not be from the Originating Department) should evaluate each quotation received by applying evaluation criteria in accordance with SFI 15.7.2

15.6.3 Non-Competitive Quotations

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- a) Subject to SFI 15.6.3 b) below non-competitive quotations in writing must be obtained for any contract opportunity where formal tendering procedures are not adopted and where competitive quotations are not required under SFI 15.6.1.
- b) Where competitive tendering or a competitive quotation is not required, the Trust shall use the NHS Supply Chain for procurement of all goods unless the appropriate authorised Trust officers in line with the Trust Scheme of Reservation and Delegation deem it inappropriate. The decision to use alternative sources must be documented in an appropriate Trust waiver document. .

15.6.4 Quotations to be within Financial Limits

No quotation shall be accepted by the Trust which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with SFIs except with the authorisation of either the Chief Executive or the Finance Director or appropriate authorised Trust officers in line with the Trust Scheme of Reservation and Delegation.

15.7 Evaluation of Tenders and Quotations

15.7.1 Overriding duty to achieve best value

The Trust shall ensure that it seeks to obtain best value for each contract opportunity.

15.7.2 Choice of Evaluation Methodology

The Trust must for each contract opportunity which is subject to a tender or a competitive quotation choose to adopt evaluation criteria based on either:

- a) the lowest price; or
- b) the most economically advantageous tender, based on criteria linked to the subject matter of the contract opportunity including but not limited to some or all of:
 - i. quality;
 - ii. price;
 - iii. technical merit;
 - iv. aesthetic and functional characteristics;
 - v. environmental characteristics;
 - vi. running costs;
 - vii. cost effectiveness;
 - viii. after sales service;
 - ix. technical assistance;
 - x. delivery date;
 - xi. delivery period; and/or
 - xii. period of completion.

15.7.3 Each invitation to tender or invitation to supply a competitive quotation must state the evaluation criteria to be used to evaluate the tender or quotation and the relative weightings of each such criteria.

15.8 Award of Contracts

15.8.1 Acceptance of formal tenders

- a) Any discussions with a tenderer which are deemed necessary to clarify technical aspects of his/her tender before the award of a contract will not disqualify the tender.
- b) Incomplete tenders (i.e. those from which information necessary for the adjudication of the tender is missing) and amended tenders (i.e. those amended by the tenderer upon his own initiative either orally or in writing after the due time for receipt) should be dealt with in the same way as late tenders (see SFI 15.5.9 above).
- c) Where examination of tenders reveals errors which would affect the tender figure, the tenderer may be given details of such errors and afforded the opportunity of confirming or withdrawing his offer.
- d) No tender shall be accepted by the Trust which will commit expenditure in excess of that which has been allocated by the Trust except with the authorisation of the appropriate authorised Trust officers in line with the Trust Scheme of Reservation and Delegation. ..
- e) No tender shall be accepted by the Trust which is obtained contrary to these SFIs except with the authorisation of the appropriate authorised Trust officers in line with the Trust Scheme of Reservation and Delegation...
- f) All tenders should, subject to compliance with the provisions of the Freedom of Information Act 2000, be kept confidential and should be retained for 12 months from the date set for the receipt of tenders for inspection by the appropriate authorised Trust officers in line with the Trust Scheme of Reservation and Delegation ..

15.8.2 Authorisation of Tenders and Competitive Quotations

- a) Providing all the requirements set out in these SFIs have been fully complied with, formal authorisation and awarding of a contract may be decided in accordance with the approved delegated financial limits set out in the Trust's Scheme of Reservation and Delegation.
- b) Formal authorisation must be put in writing. In the case of authorisation by the Board this shall be recorded in its minutes.

15.8.3 Tender Reports to the Trust Board

Reports to the Trust Board will be made on an exceptional-circumstances basis only.

15.9 Form of Contract

15.9.1 Form of Contract: General

Subject to the remainder of this SFI 15.9 the Trust shall consider the most applicable form of contract for each contract opportunity (including to the extent appropriate any NHS Standard Contract Conditions available) and should consider obtaining support from a suitably qualified professional advisor (including where appropriate legal advisors).

15.9.2 **Contracts for Building or Engineering Works**

- a) Subject to SFIs 15.9.2 b) to d) inclusive, every contract for building or engineering works shall embody or be in the terms of the current edition of one of the Joint Contracts Tribunal Standard Forms of Building Contract or Department of the Environment (GC/Wks) Standard forms of contract amended to comply with Concode (where applicable).
- b) When the content of the work is primarily engineering every contract shall embody or be in the terms of:
 - i. the General Conditions of Contract recommended by the Institution of Mechanical Engineers; and/or
 - ii. the Association for Consultancy and Engineering (Form A);
- c) In the case of civil engineering work every contract shall embody or be in the terms of the General Conditions of Contract recommended by:
 - i. the Institution of Civil Engineers; and/or
 - ii. the Association for Consultancy and Engineering; and/or
 - iii. the Civil Engineering Contractors Association.
- d) Each of the documents referred to in SFIs 15.9.4 (a) to (c) inclusive may be modified and/or amplified to accord with Department of Health guidance and, with appropriate professional advice (including legal advice if necessary), to cover special features of individual projects.

15.9.3 **Employment, Agency and Consultants Contract**

The appropriate authorised Trust officers in line with the Trust Scheme of Reservation and Delegation shall nominate officers with delegated authority to enter into permanent and temporary contracts of employment and other contracts for agency staff or persons engaged on a consultancy basis.

15.9.4 **Compliance Requirements for all Contracts**

The Trust may only enter into contracts within the statutory powers delegated to it by the Secretary of State or otherwise derived from statute and each such contract shall:

- a) comply with the Trust's SOs and SFIs;
- b) comply with the requirements of all EU Directives directly enforceable in the UK and all other statutory provisions;
- c) embody substantially the same terms and conditions of contract as were the basis on which tenders or quotations were invited;
- d) be entered into and managed to obtain best value;
- e) have an officer nominated by the appropriate authorised Trust officers in line with the Trust Scheme of Reservation and Delegation to oversee and manage each contract on behalf of the Trust.

15.10 **Specific Requirements**

Disposals

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

- a) any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the Chief Executive or his nominated officers;

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- b) obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy of the Trust;
- c) items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract; and/or
- d) land or buildings concerning which DH guidance has been issued but subject to compliance with such guidance.

15.10.2 Applicability of SFIs on Tendering and Contracting to funds held in trust

These SFIs shall not only apply to expenditure from Exchequer funds but also to works, services and goods purchased from the Trust's trust funds and private resources.

15.10.3 Private Finance for capital procurement

When the Board proposes, or is required, to use finance provided by the private sector the following should apply:

- a) The Chief Executive shall demonstrate that the use of private finance represents value for money as against a public sector comparator and genuinely transfers risk to the private sector;
- b) The Trust must seek all applicable approvals and the requirements of all guidance by Monitor including the Compliance Framework and the Risk Evaluation for Investment Decisions by NHS Foundation Trusts guidance;
- c) The proposal must be specifically agreed by the Trust Board; and
- d) The selection of a contractor/finance company must be on the basis of competitive tendering or quotations compliant with the duties set out in this SFI 15.

15.10.4 e-tendering

Nothing in this SFI 15 shall preclude the Trust from establishing and utilising electronic tendering procedures.

15.11 Formal Waiver Process

15.11.1 Where any officer or employee of the Trust wishes to adopt a procurement process for a contract opportunity that is not fully compliant with the provision of SFI 15, then such non-compliance must be authorised prior to any such process being implemented, by an appropriate authorised Trust officers in line with the Trust Scheme of Reservation and Delegation who shall (where he agrees to such a non compliant process being adopted) authorise such process by completing and issuing Formal Waiver documents.

15.11.2 Each officer approving any waiver under SFI 15.11.1 above must seek the advice of the Trust's Procurement department prior to issuing any such waiver and shall take the advice of the Trust Procurement department into account in reaching his decision.

15.11.3 All Trust Formal Waiver documents must be maintained by the appropriate authorised Trust officers or their nominated representatives in line with the Trust Scheme of Reservation and Delegation.

16. NHS SERVICE AGREEMENTS FOR PROVISION OF SERVICES

16.1 Service contracts and other contracts

- 16.1.1 The Trust Board shall regularly review and shall at all times maintain and ensure the capacity and capability of the Trust to provide the mandatory goods and services referred to in its Terms of Authorisation and related schedules.
- 16.1.2 The Finance Director shall produce regular reports detailing actual and forecast income, linked to activity, with a detailed assessment of the impact of the variable elements of income.
- 16.1.3 The Finance Director shall oversee and approve cash flow forecasts, including figures relating to the collection of all income due under contracts entered into by the Trust including service contracts.

16.2 Involving Partners and jointly managing risk

A good 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 Trust works with all partner agencies involved in both the delivery and the commissioning of the service required. The contract will apportion responsibility for handling a particular risk to the party or parties in the best position to influence the risk in question and financial arrangements should reflect this. In this way the Trust can jointly manage risk with all interested parties..

16.3 Reports to Board on Contracts

The Chief Executive, as the Accounting Officer, will need to ensure that regular reports are provided to the Trust Board detailing actual and forecast income and liability from contracts.

17. TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF THE TRUST BOARD AND EXECUTIVE COMMITTEE AND EMPLOYEES

17.1 Remuneration and Terms of Service

17.1.1 In accordance with SOs the Trust Board 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.

17.1.2 The Committee will:

- (a) advise the Trust Board about appropriate remuneration and terms of service for the Chief Executive, other officer members employed by the Trust and other senior employees including:
 - (i) all aspects of salary (including any performance-related elements/bonuses);
 - (ii) provisions for other benefits, including pensions and cars;
 - (iii) arrangements for termination of employment and other contractual terms;
- (b) make such recommendations to the Board on the remuneration and terms of service of officer members of the Board (and other senior employees) 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 for such members and staff where appropriate;
- (c) monitor and evaluate the performance of individual officer members (and other senior employees);
- (d) advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.

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

17.1.4 The Board will consider and need to approve proposals presented by the Chief Executive for the setting of remuneration and conditions of service for those employees and officers not covered by the Committee.

17.1.5 The Trust will pay allowances to the Chairman and non-officer members of the Board in accordance with instructions issued by the Secretary of State for Health.

17.2 Funded Establishment

17.2.1 The manpower plans incorporated within the annual budget will form the funded establishment.

17.2.2 The funded establishment of any department may not be varied without the approval of the Chief Executive.

17.3 Staff Appointments

- 17.3.1 No officer or Member of the Trust Board or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration:
- (a) unless authorised to do so by the Chief Executive;
 - (b) within the limit of their approved budget and funded establishment.
- 17.3.2 The Board will approve procedures presented by the Chief Executive for the determination of commencing pay rates, conditions of service, etc, for employees

17.4 Processing Payroll

- 17.4.1 The Director of Human Resources and Organisational Development is responsible for:
- (a) specifying timetables for submission of properly authorised time records and other notifications;
 - (b) the final determination of pay and allowances;
 - (c) making payment on agreed dates; and
 - (d) agreeing methods of payment.
- 17.4.2 The Director of Human Resources and Organisational Development will issue instructions regarding:
- (a) verification and documentation of data;
 - (b) the timetable for receipt and preparation of payroll data and the payment of employees and allowances;
 - (c) maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
 - (d) security and confidentiality of payroll information;
 - (e) checks to be applied to completed payroll before and after payment;
 - (f) authority to release payroll data under the provisions of the Data Protection Act;
 - (g) methods of payment available to various categories of employee and officers;
 - (h) procedures for payment by cheque, bank credit, or cash to employees and officers;
 - (i) procedures for the recall of cheques and bank credits;
 - (j) pay advances and their recovery;
 - (k) maintenance of regular and independent reconciliation of pay control accounts;
 - (l) separation of duties of preparing records and handling cash;

- (m) a system to ensure the recovery from those leaving the employment of the Trust of sums of money and property due by them to the Trust.

17.4.3 Appropriately nominated managers have delegated responsibility for:

- (a) submitting time records, and other notifications in accordance with agreed timetables;
- (b) completing time records and other notifications in accordance with the Director of Human Resources and Organisational Development instructions and in the form prescribed by the Director Human Resources and Organisational Development;
- (c) submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's or officer's resignation, termination or retirement. Where an employee fails to report for duty or to fulfill obligations in circumstances that suggest they have left without notice, the Director of Human Resources and Organisational Development must be informed immediately.

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

17.5 Contracts of Employment

17.5.1 The Board shall delegate responsibility to the Director of Human Resources and Organisational Development for:

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

18. NON-PAY EXPENDITURE

18.1 Delegation of Authority

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

18.1.2 The Chief Executive will set out:

- (a) the list of managers who are authorised to place requisitions for the supply of goods and services;
- (b) the maximum level of each requisition and the system for authorisation above that level.

18.1.3 The Chief Executive shall set out procedures on the seeking of professional advice regarding the supply of goods and services.

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

18.2.1 Requisitioning

Managers authorised to place orders, 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 Trust's **Head of Procurement** shall be sought. Where this advice is not acceptable to the requisitioner, the Finance Director (and/or the Chief Executive) shall be consulted.

18.2.2 System of Payment and Payment Verification

The Finance Director 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.

18.2.3 The Finance Director will:

- (a) advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in SOs and SFIs and regularly reviewed;
- (b) prepare procedural instructions or guidance within the Trust Scheme of Reservation and Delegation on the obtaining of goods, works and services incorporating the thresholds;
- (c) be responsible for the prompt payment of all properly authorised accounts and claims;
- (d) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
 - (i) a list of Board employees (including specimens of their signatures) authorised to certify invoices.
 - (ii) certification that:
 - goods have been duly received, examined and are in accordance with specification and the prices are correct;

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- work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
 - in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;
 - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
 - the account is arithmetically correct;
 - the account is in order for payment.
- (iii) a timetable and system for submission to the Finance Director of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment.
- (iv) instructions to employees regarding the handling and payment of accounts within the Finance Department.
- (e) be responsible for ensuring that payment for goods and services is only made once the goods and services are received.

18.2.4 Prepayments

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

- (a) Prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to NPV.)
- (b) The appropriate officer must provide, in the form of a written Trust waiver, a case setting out all relevant circumstances of the purchase. The waiver must set out the effects on the Trust if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments;
- (c) The Finance Director will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the Procurement Legislation where the contract is above a stipulated financial threshold);
- (d) The budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate Director or Chief Executive if problems are encountered.

18.2.5 Official orders

Official Orders must:

- (a) be consecutively numbered;
- (b) be in a form approved by the Finance Director and priced to include VAT, **carriage insurance and freight** and discounts.

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- (c) state the Trust's terms and conditions of trade;
- (d) only be issued to, and used by, those duly authorised by the Chief Executive.

18.2.6 Duties of Managers and Officers

Managers and officers must ensure that they comply fully with the guidance and limits specified by the Finance Director and that:

- (a) all contracts (except as otherwise provided for in the Trust Scheme of Reservation and Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Finance Director in advance of any commitment being made;
- (b) contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement (see SFI 15);
- (c) where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health;
- (d) no order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to directors or employees, other than:
 - (i) isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;
 - (ii) conventional hospitality, such as lunches in the course of working visits;

(This provision needs to be read in conjunction with Standing Order No. 6 and the principles outlined in the national guidance contained in HSG 93(5) "Standards of Business Conduct for NHS Staff");

- (e) no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Finance Director on behalf of the Chief Executive;
- (f) all goods, services, or works are ordered on an official order except works and services executed in accordance with a contract and purchases from petty cash;
- (g) verbal orders must only be issued very exceptionally - by an employee designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "Confirmation Order";
- (h) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- (i) goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;
- (j) changes to the list of employees and officers authorised to certify invoices are notified to the Finance Director;
- (k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Finance Director;
- (l) petty cash records are maintained in a form as determined by the Finance Director.

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18.2.7 The Chief Executive and Finance Director shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within CONCODE and ESTATECODE. The technical audit of these contracts shall be the responsibility of the relevant Director.

19. EXTERNAL BORROWING

- 19.1.1 The Finance Director will advise the Board concerning the Trust's ability to pay dividend on, and repay Public Dividend Capital and any proposed new borrowing, within the limits set by the Prudential Borrowing Code for NHS Foundation Trusts. The Finance Director is also responsible for reporting periodically to the Board concerning the PDC debt and all loans and overdrafts.
- 19.1.2 The Board will agree the list of employees (including specimens of their signatures) who are authorised to make short term borrowings on behalf of the Trust. This must contain the Chief Executive and the Finance Director.
- 19.1.3 The Finance Director must prepare detailed procedural instructions concerning applications for loans and overdrafts.
- 19.1.4 All short-term borrowings should be kept to the minimum period of time possible, consistent with the overall cashflow position, represent good value for money, and comply with the latest guidance from the Independent Regulator and the requirements of the Trust's Terms of Authorisation for a Working Capital Facility.
- 19.1.5 Any short-term borrowing must be with the authority of two members of an authorised panel, one of which must be the Chief Executive or the Finance Director. The Trust Board must be made aware of all short term borrowings at the next Trust Board meeting.
- 19.1.6 All long-term borrowing must be consistent with the plans outlined in the current [Trust Business Plan] and be approved by the Trust Board.

19.2 INVESTMENTS

- 19.2.1 The Trust may invest money for the purposes of its strategic objectives and operational functions (Charitable Trust Funds are separately managed and investment of surplus charitable monies is covered in SFI 26). The Independent Regulator's guidance is to be followed (Managing Operating Cash in NHS FTs (December 2005), the Compliance Framework (the "**Compliance Framework**") and the Risk Evaluation for Investment Decisions).
- 19.2.2 The [Finance and Investment Committee (F&IC)] shall set the investment policy (setting out acceptable risks and unacceptable risks) and oversee all investment transactions by the Trust. The investment policy shall be approved by the Board of Directors.] **[DN: Does such a committee or similar exist?]**
- 19.2.3 Investments may be made in forming and / or acquiring an interest in bodies corporate.
- 19.2.4 Temporary cash surpluses must be held only in investments permitted by the Independent Regulator and meeting the criteria approved by the F&IC.
- 19.2.5 The Director of Finance is responsible for advising the Board on investments and shall periodically report the performance of all investments held to the Board (through the F&IC).
- 19.2.6 The Director of Finance will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.
- 19.2.7 The Director of Finance (or a senior finance manager with specific delegated powers from the Director of Finance) will authorise all investment transactions and ensure compliance with the investment policy at all times, with no investment made which would be outside the laid-down parameters for investment risk management in the policy. All investments are subject to periodic review and monitoring by the F&IC.

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20. FINANCIAL FRAMEWORK

- 20.3.1 The Director of Finance should ensure that members of the Board are aware of the Compliance Framework. This document contains financial directions for the annual planning and monitoring cycle, which all Foundation Trusts must follow.
- 20.3.2 The Finance Director should also ensure that the direction and guidance in the financial framework is followed by the Trust.

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

21.1 Capital Investment

21.1.1 The Chief Executive:

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

21.1.2 For every capital expenditure proposal the Chief Executive shall ensure:

- (a) that a business case (in line with the guidance contained within the *Capital Investment Manual* (where applicable)) is produced setting out:
 - (i) an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
 - (ii) the involvement of appropriate Trust personnel and external agencies;
 - (ii) appropriate project management and control arrangements;
- (b) that the Finance Director has certified professionally to the costs and revenue consequences detailed in the business case.

21.1.3 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of "Estatecode" to the extent that this is not inconsistent with any directions or guidance from the Independent Regulator or other regulatory bodies as appropriate.

21.1.4 The Finance Director shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with Inland Revenue guidance.

21.1.5 The Finance Director shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure and present to the Trust Board annual reports on the actual capital expenditure compared with the [Trust Business Plan].

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

Without prejudice to the provisions of SFI 15 the Chief Executive shall issue to the manager responsible for any scheme:

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

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The Chief Executive will issue a Scheme of Reservation and Delegation for capital investment management in accordance with "Estatecode" guidance and the Trust's SOs.

- 21.1.7 The Finance Director 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.

21.2 Private Finance

- 21.2.1 The Trust should normally test for PFI when considering capital procurement. When the Trust proposes to use finance which is to be provided other than through its Allocations, the following procedures shall apply:

- (a) The Finance Director shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
- (b) Where the sum involved exceeds delegated limits, the business case must be referred to the Department of Health or other such body in line with any current guidelines.
- (c) The proposal must be in accordance with all relevant Independent Regulator and (where applicable) Department of Health Guidance and specifically agreed by the Trust Board.

21.3 Asset Registers

- 21.3.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Finance Director 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.

- 21.3.2 The Trust shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be as specified in Monitor's "Protection of Assets Guidance for NHS Foundation Trusts".

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

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

- 21.3.4 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).

- 21.3.5 The Finance Director shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.

21.4 Security of Assets

- 21.4.1 The overall control of fixed assets is the responsibility of the Chief Executive.
- 21.4.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Finance Director. This procedure shall make provision for:
- (a) recording managerial responsibility for each asset;
 - (b) identification of additions and disposals;
 - (c) identification of all repairs and maintenance expenses;
 - (d) physical security of assets;
 - (e) periodic verification of the existence of, condition of, and title to, assets recorded;
 - (f) identification and reporting of all costs associated with the retention of an asset;
 - (g) reporting, recording and safekeeping of cash, cheques, and negotiable instruments.
- 21.4.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Finance Director.
- 21.4.4 Whilst each employee and officer has a responsibility for the security of property of the Trust, it is the responsibility of Trust Board members and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the Trust Board. Any breach of agreed security practices must be reported to the LSMS in accordance with agreed procedures.
- 21.4.5 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 employees in accordance with the procedure for reporting losses.
- 21.4.6 Where practical, assets should be marked as Trust property.

22. STORES AND RECEIPT OF GOODS

22.1 General position

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

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

22.2 Control of Stores, Stocktaking, condemnations and disposal

22.2.1 Subject to the responsibility of the Finance Director for the systems of control, overall responsibility for the control of stores shall be delegated to an employee by the Chief Executive. The day-to-day responsibility may be delegated by him to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the Finance Director. The control of any Pharmaceutical stocks shall be the responsibility of the Director of Pharmacy; the control of any fuel oil and coal of the Director of Facilities.

22.2.2 The responsibility for security arrangements and the custody of keys for any stores and locations shall be clearly defined in writing by the Head of Procurement/Director of Pharmacy. Wherever practicable, stocks should be marked as health service property.

22.2.3 The Finance Director shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.

22.2.4 Stocktaking arrangements shall be agreed with the Finance Director and there shall be a physical check covering all items in store at least once a year.

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

22.2.6 The Head of Procurement/Director of Pharmacy shall be responsible for a system approved by the Finance Director 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 Finance Director any evidence of significant overstocking and of any negligence or malpractice (see also overlap with SFI No. 25 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.

22.3 Goods supplied by NHS Supply Chain

22.3.1 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 Finance Director who shall satisfy himself that the goods have been received before accepting the recharge.

23. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

23.1 Disposals and Condemnations

23.1.1 Procedures

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

23.1.2 When it is decided to dispose of a Trust asset, the Head of Department or authorised deputy will determine and advise the Finance Director of the estimated market value of the item, taking account of professional advice where appropriate.

23.1.3 All unserviceable articles shall be:

- (a) condemned or otherwise disposed of by an employee authorised for that purpose by the Finance Director;
- (b) recorded by the Condemning Officer in a form approved by the Finance Director which will indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the Finance Director.

23.1.4 The Condemning Officer shall satisfy himself as to whether or not there is evidence of negligence in use and shall report any such evidence to the Finance Director who will take the appropriate action.

23.2 Losses and Special Payments

23.2.1 Procedures

The Finance Director must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments.

23.2.2 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately inform the Chief Executive and the Finance Director or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Finance Director and/or Chief Executive. Where a criminal offence is suspected, the Finance Director must immediately inform the police if theft or arson is involved. In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the Finance Director must inform the relevant LCFS and CFSMS regional team in accordance with Secretary of State for Health's Directions.

The Finance Director must notify the Counter Fraud and Security Management Services (CFSMS) and the External Auditor of all frauds.

23.2.3 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Finance Director must immediately notify:

- (a) the Trust Board,
- (b) the External Auditor,
- (c) the Local Counter Fraud Specialist.

23.2.4 Within limits delegated to it by the Department of Health, the Board shall approve the writing-off of losses.

- 23.2.5 The Finance Director shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.
- 23.2.6 For any loss, the Finance Director should consider whether any insurance claim can be made.
- 23.2.7 The Finance Director shall maintain a Losses and Special Payments Register in which write-off action is recorded.
- 23.2.8 No special payments exceeding delegated limits shall be made without the prior approval of the Independent Regulator or the Department of Health, as the case may be.
- 23.2.9 All losses and special payments must be reported to the Audit Committee at every meeting.

24. INFORMATION TECHNOLOGY

24.1 Responsibilities and duties of the Finance Director

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

- (a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Trust's data, programs and computer hardware for which the Finance Director is responsible, from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998;
- (b) ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;
- (c) ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
- (d) ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as the Finance Director may consider necessary are being carried out.

24.1.2 The Finance Director 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 must be obtained from them prior to implementation.

24.1.3 The Finance Director 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 the Trust that we make publicly available.

24.2 Responsibilities and duties of other Directors and Officers in relation to computer systems of a general application

24.2.1 In the case of computer systems which are proposed General Applications (i.e. normally those applications which the majority of Trust's in the Region wish to sponsor jointly) all responsible directors and employees will send to the Finance Director:

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

24.3 Contracts for Computer Services with other health bodies or outside agencies

The Finance Director 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 Finance Director shall periodically seek assurances that adequate controls are in operation.

24.4 Risk Assessment

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

24.5 Requirements for Computer Systems which have an impact on corporate financial systems

Where computer systems have an impact on corporate financial systems the Finance Director shall need to be satisfied that:

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

25. PATIENTS' PROPERTY

- 25.1 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 the possession of patients dying in hospital or dead on arrival.
- 25.2 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;
 - the oral advice of administrative and nursing staff responsible for admissions,
- that the Trust will not accept responsibility or liability for patients' property brought into Health Service premises, unless it is handed in for safe custody and a copy of an official patients' property record is obtained as a receipt.
- 25.3 The Finance Director 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 staff whose duty is to administer, in any way, the property of patients. Due care should be exercised in the management of a patient's money in order to maximise the benefits to the patient.
- 25.4 Where Independent Regulator or Department of Health instructions require the opening of separate accounts for patients' moneys, these shall be opened and operated under arrangements agreed by the Finance Director.
- 25.5 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), 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.
- 25.6 Staff should be informed, on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.
- 25.7 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.

26. FUNDS HELD ON TRUST

26.1 Corporate Trustee

- (a) Standing Order No. 2.8 outlines the Trust's responsibilities as a corporate trustee for the management of funds it holds on trust, along with SO 4.8.3 that defines the need for compliance with Charities Commission latest guidance and best practice.
- (b) The discharge of the Trust's corporate trustee responsibilities are distinct from its responsibilities for exchequer funds and may not necessarily be discharged in the same manner, but there must still be adherence to the overriding general principles of financial regularity, prudence and propriety. Trustee responsibilities cover both charitable and non-charitable purposes.
- (c) The Finance Director shall ensure that each trust fund which the Trust is responsible for managing is managed appropriately with regard to its purpose and to its requirements.

26.2 Accountability to Charity Commission and Secretary of State for Health

- (a) The trustee responsibilities must be discharged separately and full recognition given to the Trust's dual accountabilities to the Charity Commission for charitable funds held on trust.
- (b) The Schedule of Matters Reserved to the Board and the Trust Scheme of Reservation and Delegation make clear where decisions regarding the exercise of discretion regarding the disposal and use of the funds are to be taken and by whom. All Trust Board members and Trust officers must take account of that guidance before taking action.

26.3 Applicability of Standing Financial Instructions to funds held on Trust

- (a) In so far as it is possible to do so, most of the sections of these SFIs will apply to the management of funds held on trust.
- (b) The over-riding principle is that the integrity of funds held on trust must be maintained in accordance with the Charities Act 1993 and statutory and Trust obligations met. Materiality must be assessed separately from Exchequer activities and funds.

27. ACCEPTANCE OF GIFTS BY STAFF AND LINK TO STANDARDS OF BUSINESS CONDUCT

The Chief Executive shall ensure that all staff are made aware of the Trust policy on acceptance of gifts and other benefits in kind by staff. This policy follows the guidance contained in the Department of Health circular HSG (93) 5 'Standards of Business Conduct for NHS Staff', the Code of Conduct for NHS managers and the NHS Code of Conduct for Boards which are deemed to be an integral part of the SOs and SFIs (see overlap with SO No. 6).

28. RETENTION OF RECORDS

- 28.1 The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with Department of Health guidelines.
- 28.2 The records held in archives shall be capable of retrieval by authorised persons.
- 28.3 Records held in accordance with latest Department of Health guidance shall only be destroyed at the express instigation of the Chief Executive. Detail shall be maintained of records so destroyed.

29. RISK MANAGEMENT AND INSURANCE

29.1 Programme of Risk Management

The Chief Executive shall ensure that the Trust has a programme of risk management, in accordance with current Department of Health assurance framework requirements, which must be approved and monitored by the Board.

The programme of risk management shall include:

- a) a process for identifying, quantifying and recording 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; Internal Audit, clinical audit, health and safety review and regular reporting to the Audit Committee;
- f) a clear indication of which risks shall be insured;
- g) arrangements to review the Risk Management programme.

The existence, integration and evaluation of the above elements will assist in providing a basis to make a Statement on the effectiveness of Internal Control (SIC) within the Annual Report and Accounts as required by current Department of Health guidance.

29.2 Insurance: Risk Pooling Schemes administered by NHSLA

The Board shall decide if the Trust will insure through the risk pooling schemes administered by the NHS Litigation Authority or self insure for some or all of the risks covered by the risk pooling schemes. If the Board decides not to use the risk pooling schemes for any of the risk areas (clinical, property and employers/third party liability) covered by the scheme this decision shall be reviewed annually.

(1) **29.3**

29.4 Arrangements to be followed by the Board in agreeing Insurance cover

- (1) Where the Board decides to use the risk pooling schemes administered by the NHS Litigation Authority the Deputy Chief Executive shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Finance Director shall ensure that documented procedures cover these arrangements.
- (2) Where the Board decides not to use the risk pooling schemes administered by the NHS Litigation Authority for one or other of the risks covered by the schemes, the Finance Director 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 Finance Director will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses which will not be reimbursed.

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- (3) All the risk pooling schemes require Scheme members to make some contribution to the settlement of claims (the 'deductible'). The Finance Director should ensure documented procedures also cover the management of claims and payments below the deductible in each case.