

Ref: FOI/GS/ID 5945

Please reply to:
FOI Administrator
Trust Management
Maidstone Hospital
Hermitage Lane
Maidstone, Kent
ME16 9QQ
Email: mtw-tr.foiadmin@nhs.net

22 January 2020

Freedom of Information Act 2000

I am writing in response to your request for information made under the Freedom of Information Act 2000 in relation to Medical Devices.

You asked:

- 1. Who does the Trust sell surplus medical devices through?*
- 2. If you have a contract for selling surplus medical devices who is it with and when is it due to end?*

Trust response:

Maidstone and Tunbridge Wells NHS Trust does not hold any specific contract for the provision of selling surplus medical devices. The Trust follows the guidelines in the attached document.

MAIDSTONE AND TUNBRIDGE WELLS NHS TRUST

Standing Financial Instructions (SFIs)

Target audience: All Trust Staff
Main author: Deputy Director of Finance (Financial Governance)
Other contributors: Trust Secretary

Executive lead: Chief Finance Officer

Directorate: Finance

Specialty: Finance

Supersedes: Standing Financial Instructions [Version 8.0: November 2017] - with effect December 2018

Approved by: Audit and Governance Committee, 10th December 2018

Ratified by: Trust Board, 20th December 2018

Review date: December 2019

With Effect from December 2018

Disclaimer: Printed copies of this document may not be the most recent version.
The master copy is held on Q-Pulse Document Management System
This copy – REV9.0

Document history

Requirement for document:	<ul style="list-style-type: none"> • Trust (Functions) Directions 2000 issued by the Secretary of State • Code of Accountability • Bribery Act 2010 and associated Government guidance
Cross references (external):	<ul style="list-style-type: none"> • Agency Rules (NHS Improvement, 2016) • Bribery Act 2010 • Capital regime, Investment and property Business Case Approvals Guidance for NHS Trusts and Foundation Trusts (NHS Improvement) • Code of Practice for Records Management for Health and Social Care 2016 Code Of Conduct / Code of Accountability in the NHS (NHS Appointments' Commission / Department of Health (DH), 2004) • Data Protection Act 2018 • General Data Protection Regulation 2016 • International Financial Reporting Standards • Managing Conflicts of Interest in the NHS (NHS England, 2017) • Managing Public Money (HM Treasury) (2013) • Model Standing Orders, Reservation and Delegation of Powers and Standing Financial Instructions, Department of Health (2006) • NHS Audit Committee Handbook (2018) • NHS Counter Fraud Authority (formerly NHS Protect) Standards for Providers • NHS Trust Development Authority consultancy spending controls guidance • Standards of Business Conduct for NHS Staff (HSG (93)5) • Strengthening Financial Performance and Accountability in 2016/17 (NHS Improvement, 2016) • The National Health Service Trusts (Public Meetings) Regulations 1991 • The Single Oversight Framework, NHS Improvement, 2017
Associated documents (internal):	<ul style="list-style-type: none"> • Anti-Fraud, Bribery and Corruption Policy and Procedure [RWF-OPPPCS-NC-WF48] • Changes, Payments and Leavers Policy and Procedure RWF-OPPPCS-NC-WF67 • Charitable funds, Policies and procedures for [RWF-OPPPCS-NC-TM47] • Code of Conduct for NHS Board [RWF-OWP-APP536] • Expenses Policy and Procedure [RWF-OPPPCS-NC-WF63] • Gifts, hospitality, sponsorship and interests policy and procedure [RWF-OPPPCS-NC-TM48] (which includes the Code of Conduct for NHS Boards [RWF-OWP-APP536]) • Overpayments Policy and Procedure [RWF-OPPPCS-NC-WF74] • Patient Property Policy & Procedure [RWF-OPPPCS-NC-NUR1] • Procurement Strategy • Reservation of Powers and Scheme of Delegation [RWF-OPPPCS-NC-TM21] • Standards of Conduct Policy and Procedure [RWF-OPPPCS-NC-WF32]

• Standing Orders [RWF-OPPCS-NC-TM23]			
Keywords:	SFIs	Standing	Financial
	Instructions	Governance	
Version control:			
Issue:	Description of changes:		Date:
8.0	<ul style="list-style-type: none"> • Updates of regulatory documents including “Managing Conflicts of Interest in the NHS (NHS England, 2017) which will change the Trust’s Gifts, hospitality, sponsorship and interest’s policy and procedure (currently going through the update process); and the “Code of Practice for Records Management for Health and Social Care 2016”. • Inclusion of the Kent & Medway Sustainability and Transformation Partnership (STP). • Excision of the KMHIS elements that covered the closure and dissolution (e.g. section 2.7) • Updating the External Audit position as we are now past the transitional arrangements following dissolution of the Audit Commission (section 2.4) • Strengthening the text around the phasing out of written tenders (replaced by e-tendering) and zero acceptance of late tender submissions (section 8.6) • Amending the competitive quotation waiver requirement applying to single quote situations only(not situations where 2 quotes have been obtained from the 3 requested) (section 8.7) • Inclusion of IR35 compliance in agency contract sections (section 8.12, 12.2.5) • Clarification of the Disposals process (section 8.14, section 17) • Inclusion of e learning requirement for authorised signatory rights (section 12.1) • Updating the wording on accessing DH 		Nov 2017
9.0	<ul style="list-style-type: none"> • Update reference to regulatory documents including GDPR • Local ‘housekeeping’ changes (e.g. change of title of posts) • Clarification that the Audit and Governance Committee does not approve the schedule of losses, write offs and compensations • Removal of references to capital projects for the Kent and Medway Health Informatics Service • Clarification that Associate Non-Executive Directors are formal members of certain Trust Board sub-committees (with reference to the Terms of Reference for details) • The inclusion of the Executive Team Meeting as one of the 3 forums that comprise the central spine through which the Trust conducts its formal business (the other 2 being the Trust Management Executive (TME) and Trust Board) 		December 2018

Version control:		
Issue:	Description of changes:	Date:
	<ul style="list-style-type: none"> • Clarification that the Senior Independent Director for the Trust is the Vice-Chair of the Trust Board • Confirmation that the Chief Executive will now be the Security Management Director (the role transfers from the Chief Operating Officer) • Removal of any references to the Deputy Chief Executive • Clarification that the Trust Board will be asked to approve the opening or closing of any commercial (i.e. non-Government Banking Service) bank accounts (following a recommendation from the Finance and Performance Committee) • Removal of any references to manual tenders and non-electronic procurement communication (this is now mandatory) • Inclusion of reference to contractors' use of a Dynamic Purchasing System (DPS), if available • Removal of any references to non-written tender quotations • Clarification that any invoices received where no purchase order has been raised will not be paid and will be returned to managers who will be required to raise a retrospective order and justify the reason for the expenditure and why a purchase order was not raised initially • Clarification that capital projects under £250,000 are approved by the Chief Finance Officer; that the Chief Executive approves projects of £250,000 and over but under £500,000; that the Finance and Performance Committee approves the relevant Business Case for projects of £500,000 and over but under £1,000,000 and that the Trust Board approves projects of £1,000,000 and over (although for projects of £15,000,000 and over NHSI approval is also required i.e. in addition to Trust Board approval) • Addition of provision that consignment stock loan kits must be ordered at a minimum value of £5,000 to ensure the appropriate authorisation (and that a record must be kept of all items used from a kit and this must be reconciled against the invoice when received) 	

Contents

<u>SECTION A</u>	10
<u>INTERPRETATION AND DEFINITIONS FOR STANDING FINANCIAL INSTRUCTIONS</u>	10
<u>SECTION B - STANDING FINANCIAL INSTRUCTIONS</u>	19
<u>1. INTRODUCTION</u>	19
<u>1.1 General</u>	19
<u>1.2 Responsibilities and delegation</u>	21
<u>1.2.1 The Trust Board</u>	21
<u>1.2.3 The Chief Executive and Chief Finance Officer</u>	21
<u>1.2.5 The Chief Finance Officer</u>	23
<u>1.2.6 Trust Board Members and employees</u>	23
<u>1.2.7 Contractors and their employees</u>	23
<u>2. AUDIT</u>	25
<u>2.1 Audit and Governance Committee</u>	25
<u>2.2 Chief Finance Officer</u>	25
<u>2.3 Role of internal audit</u>	27
<u>2.4 External audit</u>	28
<u>2.5 Fraud and corruption</u>	28
<u>2.6 Security Management</u>	28
<u>2.7 The Kent & Medway Sustainability and Transformation Partnership (STP)</u> 30	
<u>3. SECTION NOT USED</u>	30
<u>4. ALLOCATIONS, PLANNING, BUDGETS, BUDGETARY CONTROL, AND MONITORING</u>	30
<u>4.1 Preparation and approval of plans and budgets</u>	30
<u>4.2 Budgetary delegation</u>	32
<u>4.3 Budgetary control and reporting</u>	32
<u>4.4 Capital expenditure</u>	35
<u>4.5 Monitoring returns</u>	35
<u>5. ANNUAL ACCOUNTS AND REPORTS</u>	36
<u>5.1 The Chief Finance Officer, on behalf of the Trust, will:</u>	36
<u>5.2 Annual accounts</u>	36
<u>5.3 Annual report</u>	36
<u>6. BANK AND GOVERNMENT BANKING SERVICE</u>	37
<u>6.1 General</u>	37
<u>6.2 Bank and Government Banking Service</u>	37
<u>6.3 Banking arrangements</u>	37
<u>6.4 Tendering and review</u>	37
<u>7. INCOME, FEES AND CHARGES AND SECURITY OF CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUMENTS</u>	39
<u>7.1 Income systems</u>	39

7.2	Fees and charges	39
7.3	Debt recovery	39
7.4	Security of cash, cheques and other negotiable instruments	39
8.	TENDERING AND CONTRACTING PROCEDURE	41
8.1	Duty to comply with Standing Orders and Standing Financial Instructions	41
8.2	EU directives governing public procurement	41
8.3	Reverse e-auctions and other e-procurement techniques	41
8.4	Capital investment manual and other Department of Health and Social Care guidance	41
8.5	Formal competitive tendering	41
8.6	Contracting / tendering procedure	46
8.7	Quotations: competitive and non-competitive	50
8.8	Authorisation of tenders and competitive quotations	52
8.9	Instances where formal competitive tendering or competitive quotation is not required	52
8.10	Private finance for capital procurement (see overlap with SFI No. 15)	52
8.11	Compliance requirements for all contracts	54
8.12	Personnel and agency or temporary staff contracts	54
8.13	Healthcare Services Agreements (see overlap with SFI No. 9)	56
8.14	Disposals (See overlap with SFI No. 17)	56
8.15	In-house services	57
8.16	Applicability to Trust and to Funds held on Trust and Other Private Resources	58
9.	NHS SERVICE AGREEMENTS FOR PROVISION OF SERVICES (see overlap with SFI No. 8.13)	59
9.1	Service Level Agreements (SLAs)	59
9.2	Involving Partners and jointly managing risk	59
9.3	Reports to Board on SLAs	59
9.4	Partnerships	60
9.5	Hosting of services	60
10.	SECTION NOT USED	60
11.	TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF THE TRUST BOARD AND EMPLOYEES	60
11.1	Remuneration and terms of service (see overlap with SO No. 4 appointment of committees and sub committees)	60
11.2	Funded establishment	62
11.3	Staff appointments	62
11.4	Processing payroll	62
11.5	Contracts of employment	66
11.6	Redundancy and early retirements	66
11.7	Agency procurement	66
12.	NON-PAY EXPENDITURE	66

12.1	Delegation of authority	66
12.2	Choice, requisitioning, ordering, receipt and payment for goods and services (see overlap with Standing Financial Instruction No. 8)	68
12.3	Joint finance arrangements with local authorities and voluntary bodies (see overlap with Standing Order No. 9.1)	75
13.	EXTERNAL BORROWING, FINANCING AND INTERIM SUPPORT	76
13.1	Borrowing and interim support	76
13.2	Investments	76
14.	SECTION NOT USED	77
15.	CAPITAL INVESTMENT, PRIVATE FINANCING, FIXED ASSET REGISTERS AND SECURITY OF ASSETS	77
15.1	Capital investment	77
15.2	Private finance (see overlap with SFI No. 8.10)	79
15.3	Asset registers	80
15.4	Security of assets	81
16.	STORES AND RECEIPT OF GOODS	82
16.1	General position	82
16.2	Control of stores, stocktaking, condemnations and disposal	82
16.3	Goods supplied by NHS Supply Chain	83
16.4	Consignment stock	83
17.	DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS (see overlap with SFI 8 and SFI 2.5 Fraud & Corruption)	84
17.1	Disposals and condemnations	84
17.2	Losses and special payments	84
18.	INFORMATION TECHNOLOGY	87
18.1	Responsibilities and duties of the Senior Information Risk Owner (SIRO) 87	
18.2	Responsibilities and duties of other directors and officers in relation to computer systems of a general application	87
18.3	Contracts for Computer Services with other health bodies or outside agencies	89
18.4	Risk assessment	89
18.5	Requirements for computer systems which have an impact on corporate financial systems	89
18.6	Standard of non-financial records	89
18.7	Security and integrity of records	89
19.	PATIENTS' PROPERTY	90
19.1	Safe custody of patients' property	90
19.2	Liability for patients' property	90
19.3	Procedures for patients' property	90
19.4	Bank accounts for patients' property	90
19.5	Restricted use of patients' property	90
19.6	Deceased patients	92

<u>20. FUNDS HELD ON TRUST (INCLUDING CHARITABLE FUNDS)</u>	93
<u>20.1 Corporate Trustee</u>	93
<u>20.2 Accountability to Charity Commission and Secretary of State for Health and Social Care</u>	93
<u>20.3 Applicability of Standing Financial Instructions to funds held on Trust</u>	93
<u>21. ACCEPTANCE OF GIFTS BY STAFF (see overlap with Trust Gifts, hospitality, sponsorship and interests policy and procedure)</u>	93
<u>22. SECTION NOT USED</u>	94
<u>23. RETENTION OF RECORDS</u>	94
<u>24. RISK MANAGEMENT AND INSURANCE</u>	94
<u>24.1 Programme of risk management</u>	94
<u>24.2 Insurance: Risk pooling schemes administered by NHS Resolution</u>	94
<u>24.3 Insurance arrangements with commercial insurers</u>	96
<u>24.4 Arrangements to be followed by the Trust Board in agreeing Insurance cover</u>	96
<u>Annex A</u>	97
<u>Procedures supporting the Standing Financial Instructions</u>	97
<u>Annex B</u>	99
<u>Financial limits contained within the Standing Financial Instructions</u>	99
<u>Annex C</u>	101
<u>NHS consultancy spending controls: Executive Summary (July 2015)</u>	101
<u>APPENDIX 1</u>	105
<u>Process requirements</u>	105
<u>APPENDIX 2</u>	106
<u>CONSULTATION ON: Standing Financial Instructions</u>	106
<u>APPENDIX 3</u>	108
<u>Equality Impact Assessment</u>	108

SECTION A

INTERPRETATION AND DEFINITIONS FOR STANDING FINANCIAL INSTRUCTIONS

Save as otherwise permitted by law, at any meeting the Chair of the Trust Board shall be the final authority on the interpretation of Standing Financial Instructions (on which they should be advised by the Chief Executive or Trust Secretary).

Any expression to which a meaning is given in the National Health Service Act 1977, National Health Service and Community Care Act 1990 and other Acts relating to the National Health Service (specifically including the National Health Service Act 2006 and Health and Social Care Act 2012) or in the Financial Regulations made under the Acts shall have the same meaning in these Standing Financial Instructions and in addition:

“Accountable Officer” means the NHS Officer responsible and accountable to parliament for funds entrusted to the Trust. The officer shall be responsible for ensuring the proper stewardship of public funds and assets in accordance with the requirements of HM Treasury guidance Managing Public Money. For this Trust it shall be the Chief Executive.

“Associate Non-Executive Director” means a person appointed to advise the Trust Board, in a similar role to that of a Non-Executive Director, but for which the role carries no formal position on the Trust Board. Therefore, although an Associate Non-Executive Director can attend Trust Board meetings and contribute fully to the issues being considered, they are not able to vote on any matters, should this be required. Associate Non-Executive Directors are however formal members of certain Trust Board sub-committees (refer to the Terms of Reference for details).

“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.

“Budget holder”, or “Budget Manager” or “Cost Centre Manager” means the director or employee with delegated authority to manage finances (Income and Expenditure) for a specific area of the organisation.

“CCG” means Clinical Commissioning Group, responsible for commissioning many NHS funded services under the Health and Social Care Act 2012

“Chair of the Trust Board” is the person appointed by the Secretary of State for Health to lead the Board and to ensure that it successfully discharges its overall responsibility for the Trust as a whole. The expression “the Chair of the Trust Board” shall be deemed to include the Vice-Chair of the Trust Board if the Chair is absent from the meeting or is otherwise unavailable.

“Chief Executive” means the chief officer of the Trust.

“Chief of Service” means roles that carry overall responsibility for leadership and management within their Division. They report to the Chief Operating Officer and maintain professional links to other Members of the Executive Team, notably the Medical Director. Chiefs of Service are appointed for 3-year terms.

“Clinical Director” means roles that carry overall responsibility for leadership and management in their Directorate, reporting to the Divisional Chief of Service. Typically Clinical Directors will dedicate two timetabled Programmed Activities each week to their role and will be supported by a full-time General Manager and Senior Matron (or other head of profession). As with Chiefs of Service, Clinical Directors will usually be appointed for 3-year terms of office.

“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.

“Committee” means a committee or sub-committee created and appointed by the Trust.

“Committee members” means persons formally appointed by the Board to sit on or to chair specific committees. The members of a committee should be those required to be present at meetings of that committee.

“Contracting and procurement” 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.

“Data Protection Officer (DPO)” means the officer required to be appointed under the GDPR that assists with monitoring internal compliance, informs and advises on data protection obligations, provides advice regarding Data Protection Impact Assessments (DPIAs) and act as a contact point for data subjects and the supervisory authority (the Information Commissioner’s Office). The DPO for this Trust is the Trust Secretary.

“Director” means an Executive or Non-Executive Director of the Board as the context permits. The inclusion of the word “Director” in a staff member’s job title does not mean that they automatically meet the definition of being a “Director” for the context of these SFIs.

“Divisional Director of Nursing and Quality (DDNQ)” means the roles responsible for line management, budgets and professional standards of Nursing, Midwifery and clinical professions within the Division (other than medicine). Their responsibilities include: overseeing a framework for clinical governance and quality within the Division; line management and professional leadership of Nursing, Allied Health Professionals and healthcare scientists; preparation for Care Quality Commission inspection; establishing a quality plan and annual objectives for the Division; managing processes within the Division for clinical and other reported incidents, complaints, risk management and ensuring appropriate lessons are learned.

“Divisional Director of Operations (DDO)” means the roles responsible for: establishing a comprehensive annual plan for the Division; delivery of NHS Constitution Standards in the Division; agreeing and working within an annual budget for income and expenditure (including workforce and efficiency/CIP requirements); Divisional contributions to the Trust’s Best Care Programme; communications and engagement within the Division; performance management of Clinical Directorates; leadership of the Directorate General Managers and engagement with corporate Business Partners.

“Chief Finance Officer” means the Chief Financial Officer of the Trust.

“DHSC” means the Department of Health and Social Care

“Establishment Order” means The Maidstone and Tunbridge Wells National Health Service Trust (Establishment) Order 2000.

“Executive Director” means a member of the Trust Board who is either an officer of the Trust or is to be treated as an officer by virtue of regulation 1(3) of The National Health Service Trusts (Membership and Procedure) Regulations 1990 (i.e. the Chair of the Trust or any person nominated by such a Committee for appointment as a Trust Board member). Executive Directors are expected to be present at, and participate in, meetings of the Trust Board.

“Executive Team” means the group of employees who collectively have managerial control over the major activities of the Trust, and who influence the operations of the Trust as a whole rather than the decisions of individual directorates or departments. For this Trust, this will be the Chief Executive, , the Chief Nurse, the Chief Operating Officer, the Chief Finance Officer, the Director of Workforce, the Medical Director and the Director of Strategy, Planning and Partnerships.

“Executive Team Meeting (ETM)” is one of the 3 forums that comprise the central spine through which the Trust conducts its formal business (the other 2 being the Trust Management Executive (TME) and Trust Board).

“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.

“General Manager” means the roles responsible for day to day operations across the Directorate. This will include taking lead responsibility for: establishing a comprehensive annual plan for the Directorate; delivery of NHS Constitution Standards; agreeing and working within an annual budget for income and expenditure, including efficiency/CIP requirements; Directorate contributions to the Trust’s Best Care Programme; communications and engagement within the Directorate. General Managers are accountable professionally to the Divisional Director of Operations who will provide personal support and development.

“Membership and Procedure Regulations” means The National Health Service Trusts (Membership and Procedure) Regulations (SI 1990/2024) and subsequent amendments.

“NHSI” means NHS Improvement which is the regulatory body for NHS Trusts and Foundation Trusts, comprising the former TDA and Monitor.

“Nominated officer” means an officer charged with the responsibility for discharging specific tasks within Standing Orders and/or Standing Financial Instructions.

“Non-Executive Director” means a formal member of the Board who is not an officer of the Trust and is not to be treated as an officer by virtue of regulation 1(3) of the Membership, Procedure and Administration Arrangements Regulations. All non-Executive Directors have voting rights at the Trust Board, but Non-Executive Director posts are public appointments

and not jobs and are therefore not subject to the provisions of employment law.

“Non-voting Board Member” means a Trust Board Member who is not entitled to exercise voting rights at the Trust Board.

"Officer" means employee of the Trust or any other person holding a paid appointment or office with the Trust.

“Senior Information Risk Owner (SIRO)” is an Executive Director or Senior Management Board Member who will take overall ownership of the Organisation’s Information Risk Policy, act as champion for information risk on the Board and provide written advice to the Accounting Officer on the content of the Organisation’s Statement of Internal Control in regard to information risk. The SIRO implements and leads the Information Governance (IG) risk assessment and management processes within the Organisation and advises the Board on the effectiveness of information risk management across the Organisation. The SIRO for this Trust is the Chief Nurse.

“Scheme of Delegation (SoD)” means the Reservation of Powers and Scheme of Delegation, which states which decisions will be reserved to the Trust Board only, and which decisions will be delegated (and to whom).

“Senior Manager” means an officer holding a senior managerial or senior clinical role with management responsibilities. For this Trust this includes members of the Executive Team, Directors and Associate / Deputy / Assistant Directors and their direct reports, Chiefs of Service, Clinical Directors and Consultants. However, please note that for the purposes of reporting “Senior Managers” remuneration (In accordance with Section 234b and Schedule 7a of the Companies Act, as required by NHS Bodies), a “Senior Manager” is considered to be defined as “Those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS body. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments”. For this Trust, and for this purpose, the definition of “Senior Manager” only applies to Trust Board Members.

“Senior Independent Director (SID)” means one of the independent Non-Executive Directors appointed by the Board, to be available to listen to concerns which contact through the normal channels of the Chair, Chief Executive or Chief Finance Officer has failed to resolve or for which such contact is inappropriate. The SID for this Trust is the Vice-Chair of the Trust Board.

"SFIs" means Standing Financial Instructions.

“SLA” means Service Level Agreements.

“SOs” means Standing Orders.

“Standing Orders Set” means the Standing Orders, Standing Financial Instructions and Reservation of Powers and Scheme of Delegation. Unlike NHS Foundation Trusts, NHS Trusts do not have a “Constitution”, but the “Standing Orders Set” can be considered as the closest equivalent to such a Constitution.

“STP” means the “Sustainability and Transformation Partnership” which has been tasked with developing and implementing an integrated five year plan for

how all health and care services will develop for a given local population, or “footprint” i.e. Kent and Medway.

“TDA” means the former NHS Trust Development Authority, which monitors and regulates the performance of NHS Trusts. This is now part of NHS Improvement (NHSI) which combines the TDA and Monitor bodies.

“TME” means the Trust Management Executive which is one of the 3 forums that comprise the spine through which the Trust conducts its formal business (the other 2 being the Executive Team Meeting (ETM) and Trust Board).

“The Trust” means Maidstone and Tunbridge Wells NHS Trust.

“Trust Board” means the Chair, Executive Directors and Non-Executive Directors collectively as a body (and is one of the 3 forums that comprise the spine through which the Trust conducts its formal business (the other 2 being the Executive Team Meeting (ETM) and Trust Management Executive (TME))

“Trust Board Member” (or “Board Member”) means an individual regarded as being a member of the Trust Board. The influence (or potential influence) exerted by the individual is the key determinant, rather than their ability to vote at Board meetings. Trust Board members are those that are expected to be at each Board meeting (and sit at the Board table), and contribute fully to each agenda item. For this Trust, Trust Board Members comprise the Chair of the Trust Board, Non-Executive Directors, Associate Non-Executive Directors, the Executive Team, and the Director of Infection Prevention and Control. Please note however that the provisions in these Standing Orders relating to voting (SO 3.12) only apply to “Voting Board Members” (see below).

“Trust Secretary” means a person appointed to act independently of the Trust Board to provide advice on corporate governance issues to the Board and the Chair, and monitor the Trust’s compliance with the law, Standing Orders, and Department of Health and Social Care guidance.

“Vice-Chair of the Trust Board” means the Non-Executive Director appointed by the Chair of the Trust Board to take on the Chair’s duties if the Chair is absent for any reason.

“Voting Board Member” means a Trust Board Member who is entitled to exercise voting rights at Trust Board meetings.

SECTION B - STANDING FINANCIAL INSTRUCTIONS

1. INTRODUCTION

1.1 General

- 1.1.1 These Standing Financial Instructions (SFIs) are issued in accordance with the Trust (Functions) Directions 2000 issued by the Secretary of State which require that each Trust shall agree Standing Financial Instructions for the regulation of the conduct of its members and officers in relation to all financial matters with which they are concerned. They shall have effect as if incorporated in the Standing Orders (SOs).
- 1.1.2 These Standing Financial Instructions 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 Reservation of Powers and Scheme of Delegation adopted by the Trust.
- 1.1.3 These Standing Financial Instructions identify the financial responsibilities which apply to everyone working for the Trust and its constituent organisations including Hosted Services. 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 Chief Finance Officer.
- 1.1.4 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Chief Finance Officer must be sought before acting. The user of these Standing Financial Instructions should also be familiar with and comply with the provisions of the Trust's Standing Orders.
- 1.1.5 **The failure to comply with Standing Financial Instructions and Standing Orders can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.**
- 1.1.6 Overriding Standing Financial Instructions – If for any reason these Standing Financial Instructions are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit and Governance Committee for referring action or ratification. **All members of the Board and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Chief Finance Officer as soon as possible.**
- 1.1.7 The Chief Finance Officer shall ensure that detailed procedures and systems are prepared and maintained relating to all sections of these SFIs. These procedures, in effect form part of these Standing Financial Instructions.

- 1.1.8 Wherever the title Chief Executive, Chief Finance Officer, or other nominated officer is used in these instructions, it shall be deemed to include such other directors or employees who have been duly authorised to represent them, except in respect of Banking Arrangements (See section 6)
- 1.1.9 Wherever the term 'employee' is used, and where the context permits, it shall be deemed to include employees of third parties contracted to the Trust when acting on behalf of the Trust.

1.2 Responsibilities and delegation

1.2.1 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 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 Delegation document.

- 1.2.2 The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the Trust's Reservations of Matters Reserved to the Board. All other powers have been delegated to such other committees as the Trust has established.

1.2.3 The Chief Executive and Chief Finance Officer

The Chief Executive and Chief Finance Officer will, as far as possible, delegate their detailed responsibilities, but they remain accountable for financial control. However, the financial performance of the Trust is a key objective for all senior managers, including clinicians, and forms part of the Trust's performance management processes to ensure formal and effective accountability for delivery of budgets.

Within the Standing Financial Instructions, it is acknowledged that the Chief Executive is ultimately accountable to the Board, and as Accountable 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 responsibility for the Trust's activities; is responsible to the Chair and the Trust Board for ensuring that its financial obligations and targets are met and has overall responsibility for the Trust's system of internal control.

- 1.2.4 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 Instructions.

1.2.5 The Chief Finance Officer

The Chief Finance Officer is responsible for:

- (a) implementing the Trust's financial policies and for coordinating any corrective action necessary to further these policies;
- (b) maintaining an effective system of internal financial control, including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;
- (c) ensuring that sufficient records are maintained to show and explain the Trust's transactions, in order to disclose, with reasonable accuracy, the financial position of the Trust at any time;

and, without prejudice to any other functions of the Trust, and employees of the Trust, the duties of the Chief Finance Officer include:

- (d) the provision of financial advice to other members of the Board and employees;
- (e) the design, implementation and supervision of systems of internal financial control;
- (f) 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.

1.2.6 Trust Board Members and employees

All Trust Board Members 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 Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation.

1.2.7 Contractors and their employees

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.

- 1.2.8 For all members of the Trust 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 Chief Finance Officer and in line with the Records Management: NHS Code of Practice.

2. AUDIT

2.1 Audit and Governance Committee

2.1.1 In accordance with Standing Orders, the Trust Board shall formally establish an Audit and Governance Committee, with clearly defined terms of reference and following guidance from the NHS Audit Committee Handbook (2018), which will provide an independent and objective view of internal control by:

- (a) overseeing Internal and External Audit services;
- (b) reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgments;
- (c) reviewing 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 Standing Orders and Standing Financial Instructions;
- (e) reviewing schedules of losses, write offs and compensations, and making recommendations to the Board, as required;
- (f) reviewing the arrangements in place to support the Board Assurance Framework process and advising the Board accordingly.

2.1.2 Where the Audit and Governance 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 Chair of the Audit and Governance Committee should raise the matter at a full meeting of the Trust Board. Exceptionally, the matter may need to be referred to an appropriate regulatory body (e.g. NHSI, the Department of Health and Social Care) (and if so, to the Chief Finance Officer in the first instance).

2.1.3 The Audit and Governance Committee will act as the Trust's Auditor Panel for External Audit appointments (refer to the Terms of Reference of the Audit and Governance Committee for further details).

2.1.4 It is the responsibility of the Chief Finance Officer to ensure an adequate Internal Audit service is provided and the Audit and Governance Committee shall be involved in the selection process when/if an Internal Audit service provider is changed. In such circumstances, the Auditor Panel will undertake this role.

2.2 Chief Finance Officer

2.2.1 The Chief Finance Officer is responsible for:

- (a) ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective Internal Audit function;

(b) ensuring that the Internal Audit is adequate and meets the Public Sector Internal Audit Standards;

- (c) deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption;
- (d) ensuring that an annual Internal Audit report is prepared for the consideration of the Audit and Governance Committee. The report must cover:
 - (i) a clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the Department of Health and Social Care including for example compliance with control criteria and standards;
 - (ii) major internal 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.

2.2.2 The Chief Finance Officer 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.

2.3 Role of internal audit

2.3.1 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.

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

- 2.3.3 The Head of Internal Audit will normally attend Audit and Governance Committee meetings and has a right of access to all Audit and Governance Committee members, the Chair of the Trust Board and Chief Executive of the Trust.
- 2.3.4 The Head of Internal Audit shall be accountable to the Chief Finance Officer. The reporting system for internal audit shall be agreed between the Chief Finance Officer, the Audit and Governance Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the Public Sector Internal Audit Standards. The reporting system shall be reviewed at least every three years.

2.4 External audit

- 2.4.1 Health bodies have moved to the new audit framework in 2017/18 under the Local Audit and Accountability Act 2014. The Trust selected and appointed its own auditors and now directly manages its contract for the audits for the financial year starting 1st April 2017. The Audit and Governance Committee was established as the Auditor Panel for the recommendation of the appointment to the Trust Board.
- 2.4.2 Prior approval must be sought from the Audit and Governance Committee for each discrete piece of additional work awarded to the external auditors.

2.5 Fraud and corruption

- 2.5.1 In line with their responsibilities, the Trust Chief Executive and Chief Finance Officer shall monitor and ensure compliance with the NHS Standard Contract regarding the implementation and maintenance of appropriate counter fraud, bribery and corruption arrangements.
- 2.5.2 The Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist (LCFS) as specified by the Department of Health and Social Care Fraud and Corruption Manual and guidance.
- 2.5.3 The Local Counter Fraud Specialist shall report to the Trust Chief Finance Officer and shall work with staff in NHS Counter Fraud Authority in accordance with the Department of Health and Social Care Fraud and Corruption Manual.
- 2.5.4 The Local Counter Fraud Specialist will provide a written report for each Audit and Governance Committee on counter fraud work within the Trust.

2.6 Security Management

- 2.6.1 In line with their responsibilities, the Chief Executive will monitor and ensure compliance with Directions issued by the Secretary of State for Health and Social Care on NHS security management.
- 2.6.2 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 and Social Care guidance on NHS security management.

- 2.6.3 The Chief Executive has overall responsibility for controlling and coordinating security. Key tasks can be delegated to the Security Management Director (SMD) and the appointed Local Security Management Specialist (LSMS). However, for this Trust the SMD is the Chief Executive.

2.7 The Kent & Medway Sustainability and Transformation Partnership (STP)

- 2.7.1 The transactions undertaken by the Trust in support of the Kent & Medway STP will fall to be audited as part of the Trust's normal business. The staff and contractors appointed by the Kent & Medway STP will co-operate fully with the audit teams in the same way as all Trust staff.

3. SECTION NOT USED

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

4.1 Preparation and approval of plans and budgets

- 4.1.1 The Chief Executive will compile and submit to the Board a Plan which takes into account financial targets and forecast limits of available resources for the coming year or years. The Plan will contain:
- (a) a statement of the significant assumptions on which the plan is based
 - (b) details of major changes in workload, delivery of services or resources required to achieve the plan
 - (c) whatever content is required by NHS Improvement as regulated by its planning guidance
 - (d) details of how the Plan links to the local Sustainability and Transformation Partnership (STP) and any critical dependencies
- 4.1.2 Prior to the start of the financial year the Chief Finance Officer will, on behalf of the Chief Executive, prepare and submit budgets for approval by the Trust Board (via the Annual Plan). Such budgets will:
- (a) be in accordance with the aims and objectives set out in the Plan
 - (b) accord with workload and workforce plans
 - (c) be produced following discussion with appropriate budget holders
 - (d) be prepared within the limits of available funds
 - (e) identify potential risks
- 4.1.3 The Chief Finance Officer shall monitor financial performance against budget and plan, periodically review them, and report to the Finance and Performance Committee and Trust Board.
- 4.1.4 All budget holders must provide information as required by the Chief Finance Officer to enable budgets to be compiled.
- 4.1.5 All budget holders will ensure that they understand their allocated budgets and raise any issues immediately on receipt of new financial

year allocations. If no issues are raised then budgets will be deemed to be accepted by the budget holder.

- 4.1.6 The Chief Finance Officer has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage their allocations successfully.
- 4.1.7 The Chief Finance Officer will publish annually a budget holder guidance manual to ensure all budget holders understand their responsibilities and to provide practical guidance.

4.2 Budgetary delegation

- 4.2.1 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
- 4.2.2 The Chief Executive and delegated budget holders must not exceed the budgetary total or virement limits set by the Board.
- 4.2.3 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.
- 4.2.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the Chief Finance Officer.

4.3 Budgetary control and reporting

- 4.3.1 The Chief Finance Officer will devise and maintain systems of budgetary control. These will include:
- (a) monthly financial reports to the Finance and Performance Committee and Trust Board in a form approved by the Finance and Performance Committee and Board containing:
 - (i) income and expenditure to date showing trends and forecast year-end position
 - (ii) movements in working capital
 - (ii) movements in cash and capital
 - (iii) capital project spend and projected outturn against plan
 - (iv) explanations of any material variances from plan
 - (vi) details of any corrective action where necessary and the Chief Executive's and/or Chief Finance Officer's view of whether such actions are sufficient to correct the situation
 - (b) the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible

- (c) investigation and reporting of variances from financial, workload and workforce budgets
- (d) monitoring of management action to correct variances; and
- (e) arrangements for the authorisation of budget transfers
- (f) holding a record of authorised budget holders (see section 12.2.5 d(i))

4.3.2 Each Budget Holder is responsible for ensuring that they:

- (a) Participate fully in the Business and Financial planning process
- (b) Review, understand and validate the financial position of the Trust for their specific area of responsibility on a monthly basis
- (c) Ensure that they operate within their agreed budgets
- (d) Ensure any potential or actual variation to plan including overspending or reduction of income is notified to the Board via delegated authority.
- (e) The above (d) includes ensuring all potential or actual financial risks are identified to the Divisional and Directorate Management Team and to Finance Managers in advance of them arising, or as soon as the Budget Holder becomes aware of the issue, whether this is on potential overspending or income shortfall. This may include the financial aspects of issues relating to patient safety or quality of service as highlighted to the appropriate executive officer and committee.
- (f) Ensure the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised.
- (g) Ensure all changes to workforce are in line with Section 11 of this document.
- (h) All developments, services changes, investments (revenue, capital or funded through charitable funds), or other proposals that increase the Trust's costs or incomes must be tested and approved through the Trust's business case process. This includes adherence to the relevant delegated limits which are currently:
 - a. Cases up to £250,000 require approval by the Chief Finance Officer
 - b. Cases up to £500,000 require approval by the Chief Executive
 - c. Cases of £500,000 or over require approval by the Trust Finance and Performance Committee
 - d. Cases of £1,000,000 or over require Trust Board approval
 - e. Cases of £15,000,000 or over require NHSI approval for capital investments, or equivalent managed service or leased equipment, IT or Property arrangements (where the whole life cost is the determinant of the threshold as defined by the NHSI guidance).
- (i) Ensure that a Business Case is submitted and subsequently approved in line with Trust requirements, before any additional

expenditure not identified during the Business Planning process, is incurred.

- (j) Respond on a timely and appropriate basis to all queries raised on financial performance and monitoring. This includes attendance at review meetings, providing or validating documentation and any other reasonable requests.

- (k) Adhere to Trust procurement policies in respect to non-pay purchases including those outlined in Section 8 of this document.
 - (l) The limits described above relate to the approval of the stage of the Business Case in which the commitment to undertake expenditure is made. In some circumstances, this may be at the Outline Business Case (OBC) stage, rather than the Full Business Case (FBC) stage.
- 4.3.3 Budget Holders are reminded of the requirement to adhere to the SFIs and the duty to disclose non-compliance – See SFI reference 1.1.5 and 1.1.6
- 4.3.4 The Chief Executive is responsible for identifying and implementing a financial recovery plan, including cost improvements and income generation initiatives in accordance with the requirements of the Annual Plan and a balanced budget.
- 4.3.5 The Cost Improvement Programme (CIP) will go through a Quality Impact Assessment (QIA) process in order to ensure any issues around patient safety and / or quality of service are understood and agreed by the relevant committee.

4.4 Capital expenditure

- 4.4.1 The general rules applying to delegation and reporting shall also apply to capital expenditure (the particular applications relating to capital are contained in SFI 15).
- 4.4.2 Capital Assets should not be purchased from revenue funding.

4.5 Monitoring returns

- 4.5.1 The Chief Executive is responsible for ensuring that the appropriate monitoring forms are submitted to the requisite monitoring organisation, in accordance with the timetable set.

5. ANNUAL ACCOUNTS AND REPORTS

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

- (a) prepare financial returns in accordance with the accounting policies and guidance given by the Department of Health and Social Care and HM Treasury, the Trust's accounting policies, and International Financial Reporting Standards (IFRS);
- (b) prepare and submit annual financial reports to the Department of Health and Social Care certified in accordance with current guidelines;
- (c) submit financial returns to the Department of Health and Social Care for each financial year in accordance with the timetable prescribed.

5.2 Annual accounts

The Auditor must be recognised as licenced by a Regulatory Supervised Body. The Trust's audited annual accounts must be presented to a public meeting and made available to the public.

5.3 Annual report

The Trust will publish an Annual Report, in accordance with guidelines on local accountability, and present it at a public meeting (in accordance with the National Health Service Trusts (Public Meetings) Regulations 1991). The document will comply with the Department of Health and Social Care's Group Accounting Manual (GAM).

6. BANK AND GOVERNMENT BANKING SERVICE

6.1 General

- 6.1.1 The Chief Finance Officer is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of accounts. This advice will take into account guidance/ Directions issued from time to time by the Department of Health and Social Care. In line with NHS Improvement (NHSI) published cash management guidance, Trusts should minimise the use of commercial bank accounts and utilise Government Banking Service (GBS) accounts for the majority of banking services.
- 6.1.2 The Trust Board shall approve the opening or closing of any commercial (i.e. non-GBS) bank account/s, following a recommendation from the Finance and Performance Committee.

6.2 Bank and Government Banking Service

- 6.2.1 The Chief Finance Officer is responsible for:
- (a) bank accounts and GBS accounts;
 - (b) establishing separate bank accounts for the Trust's non-exchequer funds as required;
 - (c) ensuring payments made from bank or GBS accounts do not exceed the amount credited to the account except where arrangements have been made;
 - (d) reporting to the Board all arrangements made with the Trust's bankers for accounts to be overdrawn.
 - (e) monitoring compliance with NHSI cash management guidance on the level of cleared funds in commercial accounts.

6.3 Banking arrangements

- 6.3.1 The Chief Finance Officer will prepare detailed instructions on the operation of bank and GBS accounts, which must include:
- (a) the conditions under which each bank and GBS account is to be operated;
 - (b) those authorised to sign cheques or other orders drawn on the Trust's accounts.
- 6.3.2 The Chief Finance Officer must advise the Trust's bankers in writing of the conditions under which each account will be operated

6.4 Tendering and review

- 6.4.1 The Chief Finance Officer will review the commercial banking arrangements of the Trust at regular intervals to ensure they reflect best practice and represent best value for money by periodically seeking competitive tenders for the Trust's commercial banking business. The exception is where Government Banking Service is used for the majority of services and the charges levied by commercial banking providers are well within the tender threshold.

6.4.2 Competitive tenders, where required under 6.4.1, should be sought periodically. The results of the tendering exercise should be reported to the Finance and Performance Committee and Trust Board. This review is not necessary for GBS accounts.

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

7.1 Income systems

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

7.2 Fees and charges

- 7.2.1 The Trust shall follow the Department of Health and Social Care's and NHSI's established costing guidance in setting prices for NHS Service Level Agreements where local pricing is agreed rather than nationally set tariffs.
- 7.2.2 The Chief Finance Officer is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the NHSI/NHS England jointly published national tariffs 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 Trust's Gifts, hospitality, sponsorship and interests' policy and procedure shall be followed.
- 7.2.3 All employees must inform the Chief Finance Officer promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.

7.3 Debt recovery

- 7.3.1 The Chief Finance Officer is responsible for the appropriate recovery action on all outstanding debts.
- 7.3.2 Any income not received should be dealt with in accordance with losses procedures.
- 7.3.3 All overpayments of salary should be identified by the Manager or Employee and notified to the Trust immediately. Failure to do so could constitute Fraud. When identified, recovery will be initiated immediately in line with the Trust overpayment policy.

7.4 Security of cash, cheques and other negotiable instruments

- 7.4.1 The Chief Finance Officer is responsible for:
 - (a) approving the form of all receipts, 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; procedures for the use of

agreed debit/credit card machines, and the safe storage of the Trust's official credit cards.

- (d) prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust.

- 7.4.2 All official Trust cash or cheques, revenue and charitable, received within any Ward or Department, must be passed intact to the Trust cashiers for banking at the earliest opportunity. Subsequent expenditure must follow Trust policy (refer section 12).
- 7.4.3 Official money shall not under any circumstances be used for the encashment of private cheques or "IOUs".
- 7.4.4 Cash receipts over £1,000 must receive authority from the Finance Department prior to their acceptance in order to reduce risk of accepting fraudulent currency or potentially supporting money laundering.
- 7.4.4 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Chief Finance Officer.
- 7.4.5 The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Trust is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Trust from responsibility for any loss.

8. TENDERING AND CONTRACTING PROCEDURE

8.1 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 Standing Orders and Standing Financial Instructions (except where Standing Order No. 3.13 Suspension of Standing Orders is applied) and the Procurement strategy. All tendering and quotation procedures shall be administered by the Trust Procurement Department or other authorised department following agreed Trust Procurement procedures.

8.2 EU directives governing public procurement

Directives by the Council of the European Union, issued by the Department of Health and Social Care (DHSC) governing procedures for awarding all forms of contracts, shall have effect as if incorporated in these Standing Orders and Standing Financial Instructions

8.3 Reverse e-auctions and other e-procurement techniques

The Trust should have policies and procedures in place for the control of all tendering activity carried out through Reverse eAuctions and other “e” procurement techniques. For further guidance on Reverse eAuctions refer to the Cabinet Office website.

8.4 Capital investment manual and other Department of Health and Social Care guidance

The Trust shall comply, as far as is practicable with the requirements of the Department of Health and Social Care ‘Capital Investment Manual’, “Estatecode” and the NHSI Capital Regime and Investment Business case approvals guidance’ in respect of capital investment and estate and property transactions. In the case of management consultancy contracts the Trust shall comply with NHSI guidance on Consultancy spending controls to NHS Trusts (see Annex C)

8.5 Formal competitive tendering

8.5.1 General applicability

The Trust shall ensure that competitive tenders are invited for:

- the supply of goods, including equipment and consumables;
- the rendering of services including all forms of management consultancy services (other than specialised services sought from or provided by the DHSC);
- for the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens);
- for disposals.

8.5.2 Healthcare services

Where the Trust elects to invite tenders for the supply of healthcare services these Standing Orders and Standing Financial Instructions shall apply as far as they are applicable to the tendering procedure and need to be read in conjunction with Standing Financial Instruction No. 9 and No. 10

8.5.3 Exceptions and instances where formal tendering need not be applied

Formal tendering procedures need not be applied where:

- (a) expenditure or income does not, or is not reasonably expected to, exceed £49,999 excluding VAT
- (b) where the supply is proposed under special arrangements negotiated by the DHSC in which event the said special arrangements must be complied with;
- (c) regarding disposals as set out in Standing Financial Instructions No. 17
- (d) Formal tendering procedures below the OJEU threshold (or any subsequent legislation) **may be waived** in the following circumstances:
 - in very exceptional circumstances where the Chief Executive decides that formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate Trust record;
 - where the requirement is covered by an existing contract;
 - where Crown Commercial Services (CCS), London Procurement Partnership (LPP), or other approved national/regional contracts or NHS Supply Chain framework agreements are in place;
 - where a consortium or partnership arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the consortium or partner members;
 - where the timescale genuinely precludes competitive tendering, but failure to plan the work properly would not be regarded as a justification for a single tender;
 - where specialist expertise is required and is genuinely available from only one source; This would include specialist original equipment manufacturer (OEM) parts, maintenance and repairs.
 - there is a clear benefit to be gained from maintaining continuity with an earlier project. However in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering;
 - where the market has been tested and insufficient number of tenders have been received;
 - using clinicians currently employed by the Trust for initiatives such as waiting list reduction or Trust private patient work due to the benefits that entails, however the Trust should still ensure that value for money is being received in these arrangements.

Any such arrangements must comply with NHSI and Trust guidance if the payment arrangement is 'off payroll'.

(e) for the provision of legal advice and services that are not available via a national framework providing that any legal firm or partnership commissioned by the Trust is regulated by the Law Society for England and Wales 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 Chief Finance Officer will ensure that any fees paid are reasonable and within commonly accepted rates for the costing of such work.

(f) where allowed and provided for in the Capital Investment Manual.

8.5.4 The waiving of competitive tendering procedures should not be used to avoid competition or for administrative convenience or to award further work to a consultancy originally appointed through a competitive procedure unless meeting the criteria of 8.5.3(a).

8.5.5 Where it is decided that competitive tendering is not applicable and should be waived, the fact of the waiver and the reasons should be documented and recorded in an appropriate Trust record and reported to the next available Audit and Governance Committee.

8.5.6 Fair and adequate competition

Where the exceptions set out in SFI No. 8.5.3 do not apply, the Trust shall ensure that invitations to tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and in no case less than three firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required. Practically, to ensure three returns, best practice suggests inviting at least five bidders to tender.

8.5.7 Building and engineering construction works

Competitive tendering may only be waived in accordance with the criteria set out in 8.5.3.

8.5.8 Items which subsequently breach thresholds after original approval

Items estimated to be below the limits set in this Standing Financial Instruction for which formal tendering procedures are not used which subsequently prove to have a value above such limits shall be reported to the Chief Executive, and be recorded in an appropriate Trust record. The budget holder is required to advise the Procurement department, in writing where this is the case and the Procurement department will include in reporting to the Audit and Governance Committee.

8.5.9 Splitting orders

Orders may not be split for administrative or other purposes to avoid the tendering thresholds. The requirement for quotation or tender should be based, in all cases for the life of the arrangement as proposed at the outset. When determining the value of the expenditure, budget holders must consider the aggregation of entire

spend of the arrangement, as planned, which may cover more than one financial year.

Contracts for equipment maintenance and repair would generally be viewed as an annual contract due to potential changes to service requirements and would not be viewed as a split order.

Orders which, following investigation are found to have been split to avoid tendering processes shall be recorded in an appropriate Trust record and reported to the next available Audit and Governance Committee.

8.6 Contracting / tendering procedure

8.6.1 Invitation to tender

- (i) All invitations to tender shall state the date and time as being the latest time for the receipt of tenders.
- (ii) All Tenders will be issued via the electronic tendering system administered by the London Procurement Partnership (LPP) 'Due North' or Crown Commercial Solutions (CCS). All bid submissions will be submitted via these systems with no manual tenders accepted.
- (iii) Every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable
- (iv) Every tender for building or engineering works shall embody or be in the terms of the current edition of one of the recognised forms of contract relevant to the scope of works being undertaken.
E.g. Construction works – P21+, Scape, National Engineering Contracts (NEC3) or Joint Contract Tribunal (JCT) suites of documents. Engineering plant - Institution of Mechanical Engineers, The Institution of Electrical Engineers and the Association of Consulting Engineers (Form MF/1). Civil engineering work- the General Conditions of contract recommended by the Institute of Civil Engineers, the Association of Consulting Engineers and the Federation of Civil Engineering Contractors (GC works 1).

These documents shall be modified in accordance with Department of Health and Social Care guidance and, in minor respects, to cover special features of individual projects. Tender based on other forms of contract may be used only after prior consultation with the Director of Estates & Facilities Management and the Associate Director of Procurement.

8.6.2 Receipt of and Opening tenders, Safe Custody and Register of tenders

- (i) As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, the electronic portal will be accessed by nominated officers within the procurement team who will download all tenders received within the deadline.
- (ii) The electronic tendering portal closes at the deadline and will not accept any attempt to file a tender after this deadline.
- (iii) The 'originating' Department will be taken to mean the Department sponsoring or commissioning the tender.

- (iv) Every tender received via the electronic tendering portal shall be automatically marked with the date of opening and who has accessed the tender.

- (v) The system will hold a full record of all tender activity for electronic tenders.
 - the name of all suppliers invited or expressed an interest;
 - the names of government targets, with training being undertaken to ensure all tenderers
- (vi) 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 will not be permitted by the electronic system. (SFI No. 8.6.5 below).

8.6.3 Admissibility

- (i) 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.
- (ii) Where only one tender is sought and/or received, the Chief Executive and Chief Finance Officer shall, as far practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for the Trust.

8.6.4 Late tenders

- (i) The electronic tendering system will not allow late submission of any tender under any circumstances. No manual/written late tenders will be accepted.

8.6.5 Acceptance of formal tenders

- (i) Any discussions with a tenderer which are deemed necessary to clarify technical aspects of his tender before the award of a contract will not disqualify the tender.
- (ii) Any clarifications must be submitted via the electronic tendering portal
- (iii) All tenders will specify the evaluation criteria (quality and cost) and the respective weighting
- (iv) The lowest tender that meets the specified requirements, if payment is to be made by the Trust, or the highest, if payment is to be received by the Trust, shall be accepted unless there are good and sufficient reasons to the contrary. Such reasons shall be set out in either the contract file, or other appropriate record.
 - a) It is accepted that for professional services such as management consultancy, the lowest price does not always represent the best value for money. Other factors affecting the success of a project include:
 - (i) experience and qualifications of team members;
 - (ii) understanding of client's needs;
 - (iii) feasibility and credibility of proposed approach;
 - (iv) ability to complete the project on time.

Where other factors are taken into account in selecting a tenderer, these must be clearly recorded and documented in the contract

file, and the reason(s) for not accepting the lowest tender clearly stated.

- (v) 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.
- (vi) The use of these procedures must demonstrate that the award of the contract was:
 - (a) not in excess of the going market rate / price current at the time the contract was awarded;
 - (b) that best value for money was achieved.
- (vii) All tenders should be treated as confidential and should be retained for inspection.

8.6.6 Tender reports to the Trust Board

Reports to the Trust Board will be made on an exceptional circumstance basis only, prompted by a request from the Chief Finance Officer, Chief Executive or Chair of the Trust Board. In all cases the Reservation of Powers and Scheme of Delegation should be consulted in relation to the value of waiving of quotation or single tender action required to be approved by the Trust Board.

8.6.7 Use of Approved Contractor lists

Under Procurement legislation there is no reference to Approved Contractor lists. Tenders and quotes should be advertised in accordance with Procurement legislation to anyone in the UK or the European Union. Where recognised frameworks are used these will restrict competition or selection of contractors to those contractors duly accepted onto the frameworks.

Where a Dynamic Purchasing System (DPS) is available, Contractors may be invited to join the DPS prior to an opportunity being advertised by the Trust to enable them to submit a bid in a compliant manner.

Trust procurement processes via tendering or use of recognised frameworks will ensure through appropriate Pre-qualification questionnaires (PQQs) and evaluation processes that competing suppliers fulfil technical, clinical, employment, and any other applicable statutory or regulatory requirements for the provision of the relevant goods or services. In addition the Trust will ensure that appropriate evaluation of financial standing and competence is undertaken prior to the award of any contract.

8.7 Quotations: competitive and non-competitive

8.7.1 General position on quotations

Written quotations are required where formal tendering procedures are not adopted and where the intended expenditure or income exceeds, or is reasonably expected to exceed £10,000, but not exceed £49,999 excluding VAT. Where three written quotations have been requested but only one can be obtained then a single tender waiver form will be required to be completed and authorised in line with the Scheme of Delegation. Two received quotes will be considered to be sufficient and not require a waiver form. These should be reported to the next Audit and Governance Committee.

8.7.2 Competitive quotations

- (i) Written quotations should be sought from at least 3 firms/individuals based on specifications or terms of reference prepared by, or on behalf of, the Trust. Practically, to ensure three returns, best practice suggests inviting at least five bidders to provide written quotations.
- (ii) Quotations should be in writing. A quotation should be treated as confidential and must be retained for inspection.
- (iii) The Chief Executive or his nominated officer should evaluate the quotation and select the quote which gives the best value for money. If this is not the lowest quotation if payment is to be made by the Trust, or the highest if payment is to be received by the Trust, then the choice made and the reasons why should be recorded in a permanent record.

8.7.3 Non-competitive quotations

Competitive quotation procedures may be waived in the circumstances set out in section 8.5.3(d) but must be supported by a non-competitive quotation in writing and a single tender waiver.

8.7.4 Quotations to be within financial limits

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 Standing Financial Instructions except with the authorisation of either the Chief Executive or Chief Finance Officer.

8.8 Authorisation of tenders and competitive quotations

- 8.8.1 Providing all the conditions and circumstances set out in these Standing Financial Instructions have been fully complied with, formal authorisation and awarding of a contract may be decided by the officers detailed in the Scheme of Delegation.
- 8.8.2 These levels of authorisation may be varied or changed and need to be read in conjunction with the Trust's Scheme of Delegation.
- 8.8.3 Formal authorisation must be put in writing. In the case of authorisation by the Trust Board this shall be recorded in their minutes.

8.9 Instances where formal competitive tendering or competitive quotation is not required

Where competitive tendering or a competitive quotation is not required where expenditure is genuinely expected to be below £10,000, the Trust shall procure goods and services in accordance with procurement procedures approved by the Chief Finance Officer. Designated Budget Managers are expected to secure value for money.

8.10 Private finance for capital procurement (see overlap with SFI No. 15)

The Trust should normally market-test for PFI (Private Finance Initiative funding) when considering a major capital procurement, or

as in accordance with current NHSI and Department of Health and Social Care guidance. When the Trust Board proposes, or is required, to use finance provided by the private sector the following should apply:

- (a) The Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.
- (b) Where the sum exceeds delegated limits, a business case must be referred to the appropriate Department of Health and Social Care for approval or treated as per current guidelines.
- (c) The proposal must be specifically agreed by the Board of the Trust.
- (d) The selection of a contractor/finance company must be on the basis of competitive tendering or quotations or via a compliant procurement route (i.e. a valid framework).

8.11 Compliance requirements for all contracts

The Trust Board may only enter into contracts on behalf of the Trust within the statutory powers delegated to it by the Secretary of State and shall comply with:

- (a) The Trust's Standing Orders and Standing Financial Instructions;
- (b) EU Directives and other statutory provisions;
- (c) any relevant directions including the Capital Investment Manual, "Estatecode" and guidance on the Procurement and Management of Consultants; and with the NHSI guidance on Consultancy spending controls to NHS Trusts (see Annex C)
- (d) such of the NHS Standard Contract Conditions as are applicable.
- (e) contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance.
- (f) Where appropriate contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited.
- (g) In all contracts made by the Trust, the Board shall endeavour to obtain best value for money by use of all systems in place. The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Trust.

8.12 Personnel and agency or temporary staff contracts

The Chief Executive shall nominate officers with delegated authority to enter into contracts of employment, regarding staff, agency staff or temporary staff service contracts. Procurements in this category must adhere to the Trust and NHSI guidance on Consultancy spending controls and Agency spending and price capping controls and national off payroll and IR35 guidance and Trust policies. Any Consultancy contracts which exceed the maximum of £50,000 p.a. or exceed the day rate caps implemented by NHSI must seek approval from NHSI for such contracts to be awarded.

8.13 Healthcare Services Agreements (see overlap with SFI No. 9)

- 8.13.1 Service agreements with NHS providers for the supply of healthcare services shall be drawn up in accordance with the NHS and Community Care Act 1990 (as amended) and administered by the Trust. Service agreements are not contracts in law and therefore not enforceable by the courts. However, a contract with a Foundation Trust, being a Public Benefit Corporation, is a legal document and is enforceable in law.
- 8.13.2 The Chief Executive shall nominate officers to commission service agreements with providers of healthcare in accordance with the Trust's agreed policy.

8.14 Disposals (See overlap with SFI No. 17)

- 8.14.1 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 officer;
 - (b) obsolete or condemned articles and stores, which may be disposed of in accordance with the Procurement Strategy and policy of the Trust;
 - (c) items to be disposed of with an estimated sale value of less than £10,000 this figure to be reviewed on a periodic basis;
 - (d) items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;
 - (e) land or buildings concerning which DHSC and NHSI guidance has been issued but subject to compliance with such guidance.
- 8.14.2 All disposals, whether via competitive tender, quotation or meeting the criteria set out above, must be notified prior to any agreement to dispose to the Chief Finance Officer, including the Associate Director of Procurement and the Head of Financial Services, to ensure all the relevant considerations for disposal have been taken into account.
- 8.14.3 Prior to any decision on disposal the book value of the asset should be obtained from the Head of Financial Services. In the event that a loss on disposal is expected, this must be approved by the Chief Finance Officer prior to disposal. Proposals to sell assets must seek as far as possible to obtain best value and to avoid unplanned losses. In particular disposals of fixed assets, whether by sale, exchange, scrapping, loss or otherwise, shall be notified to the Chief Finance Officer as soon as they take place and must follow the arrangements set out in Section 17 of the SFIs.

8.15 In-house services

- 8.15.1 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. The Trust may also determine that in-house services should be market tested periodically by competitive tendering.

- 8.15.2 In all cases where the Board determines that in-house services should be subject to competitive tendering the following groups shall be set up:
- (a) Specification group, comprising the Chief Executive or nominated officer/s and specialist.
 - (b) In-house tender group, comprising a nominee of the Chief Executive and technical support.
 - (c) Evaluation team, comprising normally a specialist officer, a procurement officer and a Chief Finance Officer Representative. For services having a likely contract expenditure exceeding £500,000, a Non-Executive Director should be a part of the evaluation team.
- 8.15.3 All groups should work independently of each other and individual officers may be a member of more than one group but no member of the in-house tender group may participate in the evaluation of tenders.
- 8.15.4 The evaluation team shall make recommendations to the Board.
- 8.15.5 The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the Trust.

8.16 Applicability to Trust and to Funds held on Trust and Other Private Resources

These Instructions shall apply to Exchequer funds (including funding for Education and Research) and to works, services and goods purchased from the Maidstone and Tunbridge Wells NHS Trust Charitable fund and other private resources.

9. NHS SERVICE AGREEMENTS FOR PROVISION OF SERVICES (see overlap with SFI No. 8.13)

9.1 Service Level Agreements (SLAs)

9.1.1 The Chief Executive, as the Accountable Officer, is responsible for ensuring the Trust enters into suitable Service Level Agreements (SLA) with service commissioners for the provision of NHS services. This includes arrangements with Commissioning bodies (e.g. CCGs), provider Trusts, other public sector bodies (e.g. Local Authorities) and other private bodies.

All SLAs should aim to implement the agreed priorities contained within the Annual Plan and wherever possible, be based upon integrated care pathways to reflect expected patient experience. In discharging this responsibility, the Chief Executive should take into account:

- the standards of service quality expected;
- the relevant national service framework (if any);
- the provision of reliable information on cost and volume of services;
- the NHSI Single Oversight Framework;
- Information Governance requirements;
- that SLAs build where appropriate on existing Joint Investment Plans;
- that SLAs are based on integrated care pathways.

9.1.2 The Chief Finance Officer will ensure that all SLAs will be reviewed annually to ensure that they remain fit for purpose taking into consideration any notice periods for changes.

9.1.3 All SLAs must be signed by all parties.

9.2 Involving Partners and jointly managing risk

A good SLA will result from a dialogue with 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 SLA will apportion responsibility for handling a particular risk to the party or parties in the best position to influence the event and financial arrangements should reflect this. In this way the Trust can jointly manage risk with all interested parties.

9.3 Reports to Board on SLAs

The Chief Executive as the Accountable Officer will ensure that regular reports are provided to the Board detailing actual and forecast income from commissioner SLAs through the finance reporting. This will include information on costing arrangements, which increasingly should be based upon Healthcare Resource Groups (HRGs). Where HRGs are unavailable for specific services, all parties should agree a common currency for application across the range of SLAs.

9.4 Partnerships

The Chief Finance Officer is responsible for ensuring that any partnerships that the Trust may have are identified and that partnership agreements are put in place reflecting the arrangements. These arrangements should be routinely monitored by senior management to ensure they are operating as intended and meeting their objectives.

The financial performance of partnerships will be monitored and acted upon by the Chief Finance Officer.

9.5 Hosting of services

9.5.1 The Chief Finance Officer will ensure a business case is prepared, for review by the Finance and Performance Committee, and approval by the Trust Board, to support any proposed hosting of services to other organisations. The business case should include a cost benefit analysis and identify financial and operational risks to Maidstone and Tunbridge Wells NHS Trust, together with any legal implications. Following approval, hosted services should only be provided once a signed Service Level of Agreement is in place with all member organisations. All costs incurred by the Trust in hosting a service shall be recoverable from member organisations, including corporate overhead.

9.5.2 The hosted service(s) should fully comply with the Trust's Standing Financial Instructions/Standing Orders and other core procedures established within the Trust unless specifically agreed in writing by the Trust Chief Executive. Contracts will be signed with other organisation members of the hosted service(s) which should stipulate the members' financial and other responsibilities/commitments, both whilst a member of the hosted service(s) and if they leave following termination of the agreement.

9.5.3 The Trust is currently hosting the majority of financial transactions for the Kent & Medway STP.

9.5.4 Services used by the Trust but hosted by another body will follow the Standing Financial Instructions / Standing Orders and other procedures as set by the host body.

10. SECTION NOT USED

11. TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF THE TRUST BOARD AND EMPLOYEES

11.1 Remuneration and terms of service (see overlap with SO No. 4 appointment of committees and sub committees)

11.1.1 In accordance with Standing Orders the Trust Board shall establish a committee to consider remuneration and terms of service, with clearly defined Terms of Reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting. For this Trust this is the "Remuneration and Appointments Committee".

- 11.1.2 The Committee's duties, membership and authority will be described in Terms of Reference, which will be reviewed annually, and approved by the Trust Board (also annually). This will include the requirement to review the appointment of Executive Directors and other staff appointed on Very Senior Manager (VSM) contracts, to ensure such appointments have been undertaken in accordance with Trust Policies
- 11.1.3 The Committee shall record in writing the basis for its decisions. The Trust Board shall however remain accountable for the Committee's decisions on the remuneration and terms of service covered under its Terms of Reference
- 11.1.4 The Trust 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 Remuneration and Appointments Committee (and which are not covered by nationally agreed Terms and Conditions.
- 11.1.5 The Trust will pay allowances to the Chair and non-officer members of the Board in accordance with instructions issued by the Secretary of State for Health.

11.2 Funded establishment

- 11.2.1 The workforce plans incorporated within the annual budget will form the funded establishment.
- 11.2.2 The funded establishment of any department may not be varied without the approval of the Chief Executive via delegated authority.

11.3 Staff appointments

- 11.3.1 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 unless:
 - (a) within their approved budget and funded establishment,
 - (b) authorised to do so by the Chief Executive via the Scheme of Delegation and in accordance with the agreed approval process (e.g. Recruitment panel authorisations);
 - (c) booked through the Trust's recruitment or staff bank departments;
 - (d) compliant with DHSC, NHSI or other relevant regulatory guidance.
- 11.3.2 The Remuneration and Appointments Committee will approve procedures presented by the Chief Executive for the determination of commencing pay rates, condition of service etc., for employees.

11.4 Processing payroll

- 11.4.1 **The Director of Workforce** 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;

- (d) agreeing method of payment.
- (e) appropriate (contracted) terms and conditions

11.4.2 The Director of Workforce in conjunction with the Chief Finance Officer 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.
- (n) ensuring that pay information is accurately reflected in the financial records of the Trust.

11.4.3 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 local instructions and in the form prescribed by the Director of Workforce;
- (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 fulfil obligations in circumstances that suggest they have left without notice, the Director of Workforce must be informed immediately.
- (d) see overlap with budget holder responsibilities SFI section 4.3.

11.4.4 All Employees / Officers have responsibility for checking their payslips and ensuring that any discrepancies of over or underpayment are reported to their line manager immediately. See also section 7.3.3

11.4.5 Regardless of the arrangements for providing the payroll service, **the Director of Workforce in conjunction with the Chief Finance**

Officer shall ensure that the chosen method is supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures and that suitable arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies.

11.5 Contracts of employment

- 11.5.1 The Trust Board shall delegate responsibility to the Director of Workforce for:
- (a) ensuring that all employees are issued with a Contract of Employment in a form which complies with employment legislation;
 - (b) dealing with variations to, or termination of, contracts of employment.

11.6 Redundancy and early retirements

- 11.6.1 The Remuneration and Appointments Committee will approve individual non-Trust Board Member redundancy packages up to £100,000. Approval must be sought prior to any formal communication being made with an employee.
- 11.6.2 Individual non-Trust Board Member redundancy packages in excess of £100,000 will be approved by the Trust Remuneration and Appointments Committee and will require additional approval from the NHSI's Remuneration and Appointments Committee.
- 11.6.3 All contractual severance payments to the Chief Executive or Executive Directors shall be approved by the Trust's Remuneration and Appointments Committee and the NHSI's Remuneration Committee.
- 11.6.4 All non-contractual severance payments will require HM Treasury approval in addition to that of Trust and NHSI Remuneration Committees.
- 11.6.5 In the event that severance payments are considered to include "novel or unusual" elements. These will normally require HM Treasury approval, in addition to the Trust and NHSI Remuneration Committees.

11.7 Agency procurement

- 11.7.1 The use of agency staffing should be kept to the minimum required to maintain agreed operational capacity. Any agency requests must be made in accordance with Trust procedures and using recognised framework agencies via the staff bank.
- 11.7.2 Agency procurement must comply with nationally published regulations e.g. Agency Rules from NHSI.

12. NON-PAY EXPENDITURE

12.1 Delegation of authority

- 12.1.1 The Trust Board will approve the level of non-pay expenditure (Revenue, Capital and Charitable Funds) on an annual basis (via the Annual Plan) and the Chief Executive will determine the level of delegation to budget managers and authorised signatories
- 12.1.2 The Chief Executive will set out:
- (a) the list of managers who are authorised to approve requisitions or invoices for the supply of goods and services; each of the

authorised signatories will be required to undertake appropriate training as designated by the Chief Finance Officer including mandatory e learning modules;

- (b) the maximum level of each requisition and the system for approval above that level.
- (c) additional non-pay spending controls applied in specific circumstances e.g. if the Trust enters financial special measures (see NHSI guidance “Strengthening financial performance and accountability in 2016/17”).
- (d) additional financial restrictions including discretionary spend areas and non-stock items purchased.

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

12.2 Choice, requisitioning, ordering, receipt and payment for goods and services (see overlap with Standing Financial Instruction No. 8)

12.2.1 Requisitioning

The requisitioner, in choosing the item to be supplied (or the service to be performed), shall always obtain the best value for money for the Trust. In so doing, the advice of the Trust’s procurement department or other specialist advisor (e.g. IT or estates) shall be sought.

12.2.2 All purchases (NHS and trade) should have a purchase order made with the formal involvement of the Procurement Department (for goods and services), the Estates Department (for specialised maintenance and services and relevant capital projects), Clinical Director for Pharmacy for Pharmacy supplies and the Human Resources department for Agency staff and other recruitment related expenditure.

12.2.3 The Trust has in place a “No purchase order, No Pay” policy which has been communicated to all Trust suppliers. Any invoices received where no purchase order has been raised will not be paid and will be returned to managers who will be required to raise a retrospective order and justify the reason for the expenditure and why a purchase order was not raised initially.

12.2.4 A list of any authorised exceptions to the requirement to raise a purchase order is held within the procurement department

12.2.5 System of payment and payment verification

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

12.2.5 The Chief Finance Officer will:

- (a) agree with the Trust Board the thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in the Standing Financial Instructions and regularly reviewed;
- (b) prepare procedural instructions or guidance within the Scheme of 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) Authorised Signatory Register - A list of Board Directors, budget holders and delegated officers (including specimens of their signatures) authorised to approve orders and certify invoices. See overlap with SD section 3.3.4(f)
 - (ii) Certification that:
 - goods have been duly received, examined and are in accordance with specification and the prices are correct;
 - work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
 - in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;
 - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained e.g. checks on interim/agency contractor IR35 status;- VAT is appropriate charged where applicable, and the trader's position checked if not registered for VAT;
 - the account is arithmetically correct;
 - the account is in order for payment.
 - (iii) A timetable and system for submission to the Chief Finance Officer of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment.
 - (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. The only exceptions are set out in SFI No. 12.2.6 below.

12.2.6 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 Net Present Value (NPV) using the National Loans Fund (NLF) rate plus 2%).

- (b) The appropriate officer must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the Trust if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments;
- (c) The Chief Finance Officer will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold);
- (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.

12.2.7 Official orders

Official orders must:

- (a) be consecutively numbered;
- (b) be in a form approved by the Chief Finance Officer;
- (c) state the Trust's terms and conditions of trade;
- (d) only be issued (where physical order stationery is used), and used by, those duly authorised by the Chief Executive.

12.2.8 Purchases from petty cash

Purchases from petty cash are restricted in value to less than £25 per claim unless advance authority is given by the Head of Financial Services. There are also restrictions in respect of the type of purchase and Petty cash may be used for specified or emergency use only subject to the following:

- a. Emergency spending as part of the Emergency planning and business continuity standards authorised by the Emergency Planning team or other emergency circumstance agreed by the Chief Finance Officer
- b. reimbursement of Patient travel
- c. reimbursement of small balances of patient monies (see patient property policy)
- d. **no** reimbursement of expenses for staff (including uniforms) or volunteers may be made from petty cash under any circumstances
- e. **no** reimbursement for any electronic or electrical items may be made from petty cash as these items could form a health and safety risk if procured outside official channels
- f. Reimbursement of expenditure should be capable of justification as reasonable in the light of the general practice in the public sector. Therefore the Trust will not reimburse for any elements on a receipt which contain alcohol products, pharmaceutical products (e.g. paracetamol for headaches), celebratory cards, flowers for staff and personal items

Instances where expenditure has been split to fall below petty cash thresholds will be reported to the Chief Finance Officer. Failure to adhere to the requirements of section 12.2.8 may result in claims being refused.

12.2.9 Duties of managers and officers

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

- (a) all contracts (except as otherwise provided for in the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Chief Finance Officer in advance of any commitment being made;
- (b) contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement (see section 8.2)
- (c) where consultancy advice is being obtained, the procurement of such advice must be in accordance with the NHSI guidance on Consultancy spending controls to NHS Trusts.
- (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 the Trust's Gifts, hospitality, sponsorship and interests' policy and procedure.
- (e) no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Chief Finance Officer on behalf of the Chief Executive;
- (f) all goods, services, or works are ordered on an official order except works and services executed in accordance with a contract or purchases from petty cash (see k below);
- (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 at the earliest opportunity and clearly marked "Confirmation Order";
- (h) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds or delegated limits See overlap with section 8.5.9;
- (i) Where orders are amended, authorisation at the appropriate level must be sought in advance of the amended order being issued
- (j) goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;
- (k) changes to the list of employees and officers authorised to certify invoices are held in an appropriate record.

12.2.10 The Chief Executive and Chief Finance Officer 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 "Estatecode" and other Department of Health and Social Care Guidance. The technical audit of these contracts shall be the responsibility of the relevant Director.

12.3 Joint finance arrangements with local authorities and voluntary bodies (see overlap with Standing Order No. 9.1)

- 12.3.1 Payments to local authorities and voluntary organisations made under the powers of section 28A of the NHS Act shall comply with procedures laid down by the Chief Finance Officer which shall be in accordance with these Acts. (See overlap with Standing Order No. 9.1)

13. EXTERNAL BORROWING, FINANCING AND INTERIM SUPPORT

13.1 Borrowing and interim support

- 13.1.1 The Chief Finance Officer will advise the Trust Board concerning the Trust's ability to pay dividend on, and repay Public Dividend Capital; and likewise its ability to repay principal and interest on any proposed new borrowing or interim support, whether Capital Support Loan, Revolving Working Capital Support Facility, Interim Revenue Support Loan or other approved DHSC product, within the borrowing limits set by the NHSI and the Department of Health and Social Care (DHSC). The Chief Finance Officer is also responsible for reporting periodically to the Finance and Performance Committee and Trust Board concerning the PDC debt and all loans, support and overdrafts.
- 13.1.2 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 / or the Chief Finance Officer.
- 13.1.3 The Chief Finance Officer must prepare detailed procedural instructions concerning applications for interim support and overdrafts.
- 13.1.4 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 NHSI and Department of Health and Social Care.
- 13.1.5 Any short-term borrowing drawdown must be with the authority of two members of an authorised panel, one of which must be the Chief Finance Officer or authorised deputy. All Working Capital Facilities and loan products must be set up in accordance with the requirements of the NHSI and the DHSC. This will usually include a requirement for approval from the Trust Board for new applications. For extensions or utilisation of existing facilities, the Finance and Performance Committee and Trust Board must be made aware of all short term borrowings at their next available meetings.
- 13.1.6 All long-term borrowing must be consistent with the plans outlined in the current Annual Plan and be approved by the Trust Board, and meet the requirements as currently set out by NHS Improvement and the Department of Health and Social Care.

13.2 Investments

- 13.2.1 Temporary cash surpluses must be held only in such public or private sector investments as notified by the Secretary of State and authorised by the Board.
- 13.2.2 The Chief Finance Officer is responsible for advising the Trust Board on investments and shall report periodically to the Finance and Performance Committee and Trust Board concerning the performance of investments held.

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

14. SECTION NOT USED

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

15.1 Capital investment

15.1.1 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; and
- (b) shall ensure that the capital investment is not undertaken without confirmation of commissioner(s) support, where applicable, and the availability of resources to finance all revenue consequences, including capital charges.

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

- (a) that a business case (in line with the regulatory guidance contained within the Capital Investment Manual, the HM Treasury Green book, International Financial Reporting Standards, NHSI Capital Regime and Investment Business Case Approvals Guidance for NHS Trusts and other applicable guidance) 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 each project has an approved business case in accordance with delegated limits after suitable review and challenge;
- (c) that any other external requirements have been fulfilled e.g. NHS Improvement authorisation limits including temporary changes to delegated limits;
- (d) that projects under £250,000 are approved by the Chief Finance Officer, that the Chief Executive approves projects of £250,000 and over but under £500,000, that the Finance and Performance Committee approves the relevant Business Case for projects of £500,000 and over but under £1,000,000 and that the Trust Board approves projects of £1,000,000 and over; for projects of £15,000,000 and over NHSI approval is also required i.e. in addition to Trust Board approval (N.B. NHSI reserves the right to reduce the latter limit if a Trust enters the 'Special Measures' regimes, or fails to achieve other agreed performance requirements).

15.1.3 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of "Estatecode".

- 15.1.4 The Chief Finance Officer shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with Inland Revenue guidance.
- 15.1.5 The Chief Finance Officer shall issue procedures for the regular reporting of expenditure and commitment against authorised capital budget.
- 15.1.6 The approval of a capital programme shall not constitute approval for expenditure on any specific scheme.
- 15.1.7 The Chief Executive will issue a Scheme of Delegation for capital investment management in accordance with “Estatecode” guidance, NHSI Capital Regime and Investment Business Case Approvals Guidance for NHS Trusts and the Trust’s Standing Orders.
- 15.1.8 The Chief Executive shall issue through delegation to the manager responsible for any scheme:
 - (a) specific authority to commit expenditure;
 - (b) authority to proceed to tender (see overlap with SFI No. 8.5);
 - (c) approval to accept a successful tender (see overlap with SFI No. 8.8).
- 15.1.9 The Chief Finance Officer shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes.
- 15.1.10 Prioritisation of the capital programme will take account of the Trust’s commitment to the sustainable use of resources and look favourably on any plans that reduce the use of energy and other natural resources, minimise the production of waste and contribute to the sustainable development of the wider community.

15.2 Private finance (see overlap with SFI No. 8.10)

- 15.2.1 The Trust should normally test for PFI when considering major capital procurement as directed by current Department of Health and Social Care guidance on PF2 process (the current PFI protocol). When the Trust proposes to use finance which is to be provided other than through its Allocations, the following procedures shall apply:
 - (a) The Chief Finance Officer shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
 - (b) Where the sum involved exceeds delegated limits, the business case must be referred to NHSI and the Department of Health and Social Care or in line with any current guidelines. A business case of this dimension is likely to require a full process involving various stages of Business case submission to NHSI, DHSC and potentially Treasury for approval.
 - (c) The proposal must be specifically approved by the Trust Board.

15.3 Asset registers

- 15.3.1 The Trust shall maintain an asset register recording fixed assets. The Trust's asset register is an integral part of the Trust's asset management information and along with relevant financial information will be used in actively managing the asset base of the Trust. The Chief Executive is responsible for the maintenance of up to date registers of assets, taking account of the advice of the Chief Finance Officer concerning the form of any register and the method of updating, and arranging for a physical verification of assets against the asset register to be conducted once a year.
- 15.3.2 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 timesheets for own materials and labour including appropriate overheads;
 - (c) lease agreements in respect of assets held under a finance lease and capitalised.
- 15.3.3 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).
- 15.3.4 A sales invoice must be raised in respect of all disposals by sale, to ensure correct VAT accounting.
- 15.3.5 The Chief Finance Officer shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 15.3.6 The value of each asset shall be indexed, if appropriate, to represent current values in accordance with guidance issued by the Department of Health and Social Care and NHSI. Trust land and property assets shall be revalued periodically in line with the Trust Accounting policy and taking into account Department of Health and Social Care guidance.
- 15.3.7 The value of each asset shall be depreciated using appropriate methods and rates with reference to Department of Health and Social Care and NHSI guidance.
- 15.3.8 The Chief Finance Officer of the Trust shall calculate and pay capital charges as specified in guidance issued by the Department of Health and Social Care and NHSI.
- 15.3.9 An annual housekeeping exercise of the asset register should be undertaken in respect of fully depreciated assets and in reviewing the appropriateness of asset lives.

15.4 Security of assets

- 15.4.1 The overall control of Trust assets is the responsibility of the Chief Executive
- 15.4.2 Each department and ward is responsible for establishing and maintaining registers of its high risk and business critical assets under £5,000 in value, and periodically reviewing and updating the records. Evidence of these registers and the processes of maintaining them will be required to comply with the requirements of the Standards for Providers (Security Management).
- 15.4.3 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Chief Finance Officer. This procedure shall make provision for:
- (a) recording managerial responsibility for each asset;
 - (b) identification of additions and disposals;
 - (c) identification of all repairs and maintenance expenses;
 - (d) physical security of assets;
 - (e) periodic verification of the existence of, condition of, remaining useful life, 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.
 - (h) all disposals or losses of assets must be recorded and reported in line with the requirements set out in SFI section 17.
- 15.4.4 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Chief Finance Officer.
- 15.4.5 Whilst each employee and officer has a responsibility for the security of property of the Trust, it is the responsibility of 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 Board. Any breach of agreed security practices must be reported in accordance with agreed procedures.
- 15.4.6 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.

Where practical, assets should be marked as Trust property

16. STORES AND RECEIPT OF GOODS

16.1 General position

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

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

16.2 Control of stores, stocktaking, condemnations and disposal

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

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

16.2.3 The Chief Finance Officer shall ensure each area has set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.

16.2.4 The Trust has implemented a stock management system, Stock levels are set by each store area and stock is maintained at this level. The detailed requirements are set out in the "Inventory Management Standard Operating Procedure".

16.2.5 Stocktaking arrangements shall be agreed with the Chief Finance Officer and there shall be a physical check covering all items in store, that are classified as 'stock', at least once a year, in accordance with agreed processes.

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

16.2.7 The designated Manager/Pharmaceutical Officer shall be responsible for a system approved by the Chief Finance Officer for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Chief Finance Officer any evidence of significant overstocking and of any negligence or malpractice (see also overlap with SFI No. 17 Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

16.3 Goods supplied by NHS Supply Chain

16.3.1 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 notifying Procurement of any discrepancies and shall ensure that receipting is recorded accurately and expeditiously on the Trust's procurement system.

16.4 Consignment stock

16.4.1 Consignment stocks are those items that remain the property of the supplier until used, but that are available on site for practical reasons

16.4.2 Any consignment stock held must have been approved in accordance with the delegation of authority and must be kept to an agreed minimum level. Consignment stock held must not be included in the Trust's stock values but separate detailed records must be kept.

16.4.3 Loan kits must be ordered at a minimum value of £5000 to ensure the appropriate authorisation. A record must be kept of all items used from a kit and this must be reconciled against the invoice when received. The order will then be receipted for the appropriate amount before passing for payment.

16.4.4 It is the responsibility of the Divisional Chief of Service to ensure that SFI 16.4.2 and 16.4.3 are followed.

17. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS (see overlap with SFI 8 and SFI 2.5 Fraud & Corruption)

17.1 Disposals and condemnations

17.1.1 Procedures

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

17.1.2 When it is decided to dispose of a Trust asset, the Head of Department or authorised deputy will determine and advise the Chief Finance Officer of the estimated market value of the item, taking account of professional advice where appropriate and the net book value at the time of proposed disposal.

17.1.3 All unserviceable articles shall be:

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

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

17.1.5 Disposals by sale must follow the requirements of the Procurement and Finance policies and undertaken in conjunction with the Associate Director of Procurement and Chief Finance Officer (see 8.14).

17.2 Losses and special payments

17.2.1 Procedures

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

17.2.2 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 Finance Officer or Deputy Directors of Finance of all the details relating to the loss. Where a criminal offence is suspected, the Chief Finance Officer 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 Chief Finance Officer must inform the relevant Local Counter Fraud

Specialist in accordance with Secretary of State for Health and Social Care's Directions.

17.2.3 The Chief Finance Officer must notify the Local Counter Fraud Specialist and the External Auditor of all frauds.

- 17.2.4 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial (in the reasonable judgment of the Chief Finance Officer), the Chief Finance Officer must immediately notify:
- (a) the Trust Board (at its next available meeting), and
 - (b) the External Auditor
- 17.2.5 Within limits delegated to the Trust by the Department of Health and Social Care, the Chief Finance Officer shall approve the writing-off of individual losses up to £250,000. For losses larger than this level Trust Board approval must be obtained.
- 17.2.6 The Chief Finance Officer shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations
- 17.2.7 For any loss, the Chief Finance Officer should consider whether any insurance claim can be made.
- 17.2.8 The Chief Finance Officer shall maintain a Losses and Special Payments Register in which write-off action is recorded.
- 17.2.9 No special payments exceeding delegated limits shall be made without the prior approval of the Department of Health and Social Care.
- 17.2.10 Compensation payments to Chief Executives or Directors reporting to the Chief Executive require approval of the Trust's Remuneration and Appointments' Committee and NHS Improvement's Remuneration Committee. In the event the payment includes novel or unusual elements it may require HM Treasury approval (see SFI 11.6)
- 17.2.11 All losses and special payments must be reported periodically to the Audit and Governance Committee.

18. INFORMATION TECHNOLOGY

18.1 Responsibilities and duties of the Senior Information Risk Owner (SIRO)

- 18.1.1 The Senior Information Risk Owner, 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 financial data, programs and computer hardware for which the 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 2018 and General Data Protection Regulation 2016;
 - (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 Director may consider necessary are being carried out.
- 18.1.2 The Senior Information Risk Owner shall need to 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.

18.2 Responsibilities and duties of other directors and officers in relation to computer systems of a general application

- 18.2.1 In the case of computer systems which are proposed for general applications and those applications which the majority of Trusts in the local area wish to sponsor jointly, all responsible directors and employees will send to the Trust's Director of Health Informatics for submission and approval by the Informatics Steering Group the following:
- (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.
- 18.2.2 The Director of Health Informatics 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 and compliance to this is a statutory

requirement. It describes the classes or types of information about our Trust that we make publicly available.

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

- 18.3.1 The Director of Health Informatics shall ensure that contracts for computer services for financial applications with another health organisation or any other agency shall clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes.
- 18.3.2 Where another health organisation or any other agency provides a computer service for financial applications, the Director of Health Informatics shall periodically seek assurances that adequate controls are in operation.

18.4 Risk assessment

The Director of Health Informatics 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.

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

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

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

18.6 Standard of non-financial records

The Director of Health Informatics shall be responsible for ensuring that non-financial records are adequate for contractual and management purposes.

18.7 Security and integrity of records

The Director of Health Informatics shall be responsible for implementing all necessary systems to ensure the security and integrity of the records in which this data (Financial and Non-Financial) is held. Records will be maintained in accordance with the Code of Practice for Records Management for Health and Social Care 2016.

19. PATIENTS' PROPERTY

19.1 Safe custody of patients' property

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

19.2 Liability for patients' property

The Chief Executive is responsible for ensuring that patients or their guardians, as appropriate, are informed before or at admission that the Trust will not accept responsibility or liability for patients' property brought into 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. They will be informed by:

- notices and information booklets (notices are subject to sensitivity guidance);
- hospital admission documentation and property records;
- the oral advice of administrative and nursing staff responsible for admissions.

Patients or their guardians will be asked to sign appropriate disclaimers and indemnities in accordance with the Trust's Patients' Property Policy. .

19.3 Procedures for patients' property

19.3.1 The Chief Nurse 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.

19.3.2 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 including the return of any money held on behalf of the patient, ensuring all necessary documentation is completed.

19.4 Bank accounts for patients' property

Where Department of Health and Social Care instructions require the opening of separate accounts for patients' monies, these shall be opened and operated under arrangements agreed by the Chief Finance Officer.

19.5 Restricted use of patients' property

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.

19.6 Deceased patients

- 19.6.1 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.
- 19.6.2 Where a patient, dying intestate and without lawful kin, leaves property in the hands of the Trust, the Chief Finance Officer shall report the facts to the Treasury Solicitor. Where the net estate after payment of all known liabilities and collection of all known assets amounts to £200 or less, the money can be retained as a contribution towards expenses. The Trust will not accept responsibility for any assets in the hands of any other person or organisation.
- 19.6.3 The burial or cremation of deceased patients for whom no other arrangements are possible shall be undertaken by the Trust and the cost thereof recovered as a first charge against the patient's property, if any.

20. FUNDS HELD ON TRUST (INCLUDING CHARITABLE FUNDS)

20.1 Corporate Trustee

- (1) Section 3 of the Trust's Policies and Procedures for Charitable Funds outlines the Trust's responsibilities as a corporate trustee for the management of funds it holds on trust.
- (2) 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.
- (3) The Chief Finance Officer 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.
- (4) All Fund Holders are required to comply with the Charitable Fund Policy and Procedure.

20.2 Accountability to Charity Commission and Secretary of State for Health and Social Care

- (1) 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 and to the Secretary of State for all funds held on trust.
- (2) The Schedule of Matters Reserved to the Board and the Scheme of 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.

20.3 Applicability of Standing Financial Instructions to funds held on Trust

- (1) In so far as it is possible to do so, most of the sections of these Standing Financial Instructions will apply to the management of funds held on trust. (See overlap with SFI No 8.16).
- (2) The over-riding principle is that the integrity of each Trust must be maintained and statutory and Trust obligations met. Materiality must be assessed separately from Exchequer activities and funds.

21. ACCEPTANCE OF GIFTS BY STAFF (see overlap with Trust Gifts, hospitality, sponsorship and interests policy and procedure)

- 21.1 Detailed guidance on the acceptance of gifts by staff is contained in the Trust Gifts, hospitality, sponsorship and interests policy and procedure.

22. SECTION NOT USED

23. RETENTION OF RECORDS

- 23.1 The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with Department of Health and Social Care guidelines.
- 23.2 The records held in archives shall be capable of retrieval by authorised persons.
- 23.3 Information Asset Owners, as delegated by the Chief Executive, are responsible for ensuring the appropriate retention and subsequent disposal of records in line with Records Management: NHS Code of Practice.
- 23.4 Detail shall be maintained of records destroyed.

24. RISK MANAGEMENT AND INSURANCE

24.1 Programme of risk management

The Chief Executive shall ensure that the Trust has a Risk Management Policy and framework, in accordance with current Department of Health and Social Care assurance framework requirements.

The policy and framework shall include:

- a) a process for identifying and quantifying risks and potential liabilities;
- b) engendering among all levels of staff a positive attitude towards the control of risk;
- c) management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control, cost effective insurance cover, and decisions on the acceptable level of retained risk;
- d) contingency plans to offset the impact of adverse events;
- e) audit arrangements including; Internal Audit, clinical audit, health and safety review;
- f) a clear indication of which risks shall be insured;
- g) arrangements to review the Policy and framework.

The existence, integration and evaluation of the above elements will assist in providing a basis to make the Annual Governance Statement that is published with the Annual Report and Accounts as required by current Department of Health and Social Care guidance.

24.2 Insurance: Risk pooling schemes administered by NHS Resolution

The Trust Board shall decide if the Trust will insure through the risk pooling schemes administered by NHS Resolution or self-insure for some or all of the risks covered by the risk pooling schemes. If the Trust 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.

24.3 Insurance arrangements with commercial insurers

24.3.1 There is a general prohibition on entering into insurance arrangements with commercial insurers. There are, however, three exceptions when Trust's may enter into insurance arrangements with commercial insurers. The exceptions are:

- (1) Trust's may enter commercial arrangements for insuring motor vehicles owned by the Trust including insuring third party liability arising from their use;
- (2) where the Trust is involved with a consortium in a Private Finance Initiative contract and the other consortium members require that commercial insurance arrangements are entered into; and
- (3) where income generation activities take place. Income generation activities should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by the Trust for a NHS purpose the activity may be covered in the risk pool. Confirmation of coverage in the risk pool must be obtained from NHS Resolution. In any case of doubt concerning a Trust's powers to enter into commercial insurance arrangements the Chief Finance Officer should consult the Department of Health and Social Care.

24.4 Arrangements to be followed by the Trust Board in agreeing Insurance cover

- (1) Where the Board decides to use the risk pooling schemes administered by NHS Resolution the Chief Nurse shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Chief Nurse shall ensure that documented procedures cover these arrangements.
- (2) Where the Board decides not to use the risk pooling schemes administered by NHS Resolution for one or other of the risks covered by the schemes, the Chief Nurse shall ensure that the Trust Board is informed of the nature and extent of the risks that are self-insured as a result of this decision. The Chief Nurse 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.
- (3) All the risk pooling schemes require Scheme members to make some contribution to the settlement of claims (the 'deductible'). The Chief Finance Officer should ensure documented procedures also cover the management of claims and payments below the deductible in each case.

Annex A

Procedures supporting the Standing Financial Instructions

CE = Chief Executive; CFO = Chief Finance Officer; DOW = Director of Workforce; CN = Chief Nurse

Paras.	Procedure	Lead
1.2.5 (b)	Ensuring detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions.	CFO
6.3.1	Prepare detailed instructions on the operation of bank and GBS accounts	CFO
7.3.2	Bad debts to be dealt with in accordance with Losses and Special payments procedures	CFO
7.4.1.(c)	The security of keys, and for coin operated machines;	CFO
7.4.1 (d)	Prescribing systems and procedures for handling cash and negotiable securities	CFO
Section 8	Tendering and contracting	CFO
9.5	Development of a Business case supporting any proposed hosting of services provided to other organisations	CFO
11.3.2	Determination of starting pay rates, condition of service, etc., for employees.	DoW
11.4.2 (h)	Procedures for payment by cheque, bank credit or cash	DoW / CFO
11.4.2 (i)	Procedure for the recall of cheques and bank credits	DoW / CFO
11.4.5	Payroll: audit review procedures	DoW / CFO
12.1.3	Professional advice for the supply of goods and services	CFO
12.2.4	Instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds	CFO
12.2.4 (d) (iv)	Instructions to employees regarding the handling and payment of accounts within the Finance Department	CFO
12.2.7.(k)	Instructions restrictions of purchases from petty cash in terms of value and by type of purchase.	CFO
12.3.1	Payments to local authorities and voluntary organisations under Section 28A	CFO
13.1.3	Applications for loans and overdrafts.	CFO
13.2.3	The operation of investment accounts and on the records to be maintained.	CFO
15.1.3	Capital projects: stage payments	CE
15.1.5	Regular reporting of capital expenditure and commitment against authorised expenditure	CFO
15.1.7	Issue a scheme of delegation for capital investment management	CE
15.1.9	The financial management, including variations to contract, of capital investment projects and valuation for accounting purposes	CFO
15.4.5	Approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers	CFO
15.5.2	Asset control	CFO
15.5.3	Reporting of breaches of agreed security practices	CFO

Paras.	Procedure	Lead
16.2.3	Set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.	CFO
16.2.6	Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.	CFO
17.1.1	Detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers	CFO
17.2.1	Prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers	CFO
18.1.1 (a)	Devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Trust's financial data, programs and computer hardware	CN
19.3.1	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)	CN
19.4	Where Department of Health and Social Care instructions require the opening of separate accounts for patients' moneys, these shall be opened and operated under agreed arrangements.	CFO
24.4.(1)	Use the risk pooling schemes administered by NHS Resolution	CN
24.4 (2)	Management of any claims arising from third parties and payments in respect of uninsured	CN
24.4 (3)	Ensure documented procedures to cover the management of claims and payments below the deductible in risk pooling schemes	CFO

NB: “1.1.7 The Chief Finance Officer shall ensure that detailed procedures and systems are prepared and maintained relating to all sections of these SFIs. These in effect form part of these Standing Financial Instructions”.

Annex B

Financial limits contained within the Standing Financial Instructions

Section B Para.	Limit	Value
4.3.2(h)	All developments, service changes, investments (revenue, capital or charitable funds) or other proposals that increase the Trust's costs or income must have an approved business case. The delegated limits are currently: cases up to £250,000 require approval by the Chief Finance Officer. Cases over £500,000 require Finance and Performance Committee (FPC) approval. Trust Board approval is required for cases of £1,000,000 and over. For revenue developments or investments over £15,000,000 whole life costs involving managed service or lease arrangements (for equipment, IT, property), the relevant Business Case requires the approval of NHSI (N.B. NHSI reserves the right to reduce the latter limit if a Trust enters the 'Special Measures' regimes, or fails to achieve other agreed performance requirements)	Up to £250,000 one of Chief Finance Officer Up to £500,000 Chief Executive £500,000 and over Finance and Performance Committee £1,000,000 and over Trust Board £15,000,000 and over NHSI
8.9	Local procurement procedures will operate for items requisitioned and expected to be below £10,000 (Purchase Orders required for all purchases see para. 12.2). Designated Budget Managers are expected to secure value for money	£10,000 exc VAT
8.7.1	Three Written quotations are required where intended expenditure/income is reasonably expected to be between	£10,001 and £49,999 exc VAT
8.5.3 (a)	Formal tendering is required if income or expenditure is reasonably expected to exceed	£49,999 exc VAT
8.8.1	Authorisation of Tenders or Competitive quotations Associate Director of Procurement and one of Deputy Chief Finance Officer Above plus one of Chief Finance Officer, or Chief Executive Above plus Chief Executive or Trust Board	(exc VAT) £Up to £49,999 £50,000 – £249,999 £250,000 – £500,000 Greater than £500,000
8.14.1 (c)	Competitive Tendering not required if income from disposal is expected to be less than	£10,000
8.15.2 (c)	Where tenders include in-house submissions, Non-Executive Director should sit on evaluation teams if contract expenditure is likely to exceed	£500,000
11.6.1	The Trust Remuneration and Appointments Committee approve individual non Board contractual redundancy packages up to	£100,000
11.6.2	Trust Remuneration and Appointments Committee and NHSI Remuneration Committee to approve individual non Board redundancy packages in excess of	£100,000
11.6.3	All contractual severance payments to the Chief Executive or Executive Directors must be approved by the Trust's Remuneration and Appointments Committee and the NHSI's Remuneration Committee.	
11.6.4/5	Non contractual severance payments and payments of a novel or unusual nature	

Section B Para.	Limit	Value
	require the approval of the Trust and NHSI Remuneration and Appointments Committees as above and will require HM Treasury approval.	
12.2.5	Prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to NPV using the National Loans Fund (NLF) rate	NLF + 2%
12.2.8	Purchases from petty cash are restricted in per claim unless advance authority is given by the Financial Services Team	£25
15.1.2d	For projects over £500,000 the relevant Business Case requires Finance and Performance Committee approval; if £1,000,000 or over Trust Board approval is required. For projects over £15,000,000 the relevant Business Case requires the approval of NHSI. (N.B. NHSI reserves the right to reduce the latter limit if a Trust enters the 'Special Measures' regimes, or fails to achieve other agreed performance requirements)	£500,000 and over Finance and Performance Committee £1,000,000 and over Trust Board £15,000,000
19.6.1	Value above which probate or Letters of Administration required if patient property held exceeds	£5,000
19.6.1	Forms of indemnity required if deceased patients property fall below	£5,000
19.6.2	A contribution to expenses not exceeding £200 may be retained in cases where a patient, dying intestate and without lawful kin, leaves property in the hands of the Trust	£200

NHS consultancy spending controls: Executive Summary (July 2015)

Spending by NHS providers on management consultants was £420 million in 2014/15 and given the current level of provider deficits the NHS cannot continue to spend on this scale without getting maximum value for money. The TDA are therefore putting in place support and controls at a national level to ensure that only good value for money consultancy is commissioned and, where, possible generic technical advice is widely shared within the NHS.

Effective 2nd June 2015, NHS Trusts are required to secure advance approval from the NHS TDA before:

- Signing new revenue contracts for consultancy projects over £50,000 including irrecoverable VAT and expenses; this includes contracts where contractual negotiations were in place prior to 2nd June. These controls do not currently apply to capital contracts, interim management and day rate contractors.
- Extending or varying existing revenue contracts or incurring additional expenditure to which they are not already committed (where the total contract value exceeds £50,000 including irrecoverable VAT and expenses).

Important notes:

- Consultancy is as defined in the NHS Manual for Accounts (see overleaf)
- Interim management and day rate contractors are currently outside these controls but in accordance with Agency controls contractors must be procured from a 'framework' agency.
- Under HMRC current guidance, VAT is recoverable on the professional services of managers, advisers, experts, specialists and consultants for advice or information on how to affect something but not on the implementation of the new process / initiative. Contracts that include research / information gathering / provision of advice or recommendations AND support in implementing those regulations are not VAT recoverable. It is important that contracts and project specifications only claim implementing if they are really going to affect something. If they are in an advisory or supportive capacity but not implementing this changes the VAT treatment under current guidance.
- During 2015/16, the NHS TDA will collect detailed financial data on consultancy contract procurement as part of the regular collection process.
- NHS Trusts are expected to comply with this controls process. A failure to do so may indicate to the NHS TDA that a trust does not have adequate expenditure controls in place which may result in the TDA requesting that the NHS Trust obtains prior approval before committing to other discretionary expenditure items.

- Evidence suggesting organisations are seeking to avoid these controls through splitting contracts, manipulating contract scope or substituting contracts with high cost interims or secondees from consultancies will be subject to follow up by the TDA.

Approval process – for revenue contracts over £50,000 (including irrecoverable VAT and expenses)

NHS Trusts must complete the TDA business case approval form, available from Procurement, which will allow the NHS TDA Consultancy Control panel to assess each case.

The key areas of focus for the template are:

- Ambition to deliver something of value, importance and relevance that supports the trust's strategic and operational objectives
- Clear scope developed with engagement with patients, clinicians, commissioners and suppliers
- Robust contract management – that the Trust can manage supplier, control spend and ensure VFM
- Capacity for the Trust to implement findings / recommendations
- Timeline of work – with details on when expected outcomes will be delivered
- Robust implementation review proposal – focus on benefits and value added
- Value on price – options appraisal, evidence of sourcing best value supplier
- Wider use of findings – expectation that the results will be made available for wider benefit of NHS, particularly if technical advice which is likely to be generic; right of access to be written into contracts.

On completion of approved consultancy projects, NHS Trusts will be required to submit to the NHS TDA a report detailing benefits of the work and value added.

Extract from draft NHS Manual for Accounts 2015-16: Consultancy
(chapter 4 annex 5)

The provision to management of objective advice and assistance relating to strategy, structure, management or operations of an organisation, in pursuit of its purposes and objectives. Such assistance will be provided outside the "business as usual" (BAU) environment when in-house skills are not available and will be of no essential consequence and time-limited. Services may include the identification of options with recommendations and/or assistance with (but not delivery of) the implementation of solutions.

The consultancy category will include areas such as:

- **Strategy:** The provision of objective advice and assistance relating to corporate strategies, appraising business structures, value for money reviews, business performance measurement, management services, product design and process and production management
- **Finance:** The provision of objective advice and assistance relating to corporate financing structures, accountancy, control mechanisms and systems. This does not include "auditor's remuneration", this is reported separately. It will include:

- Strategic Finance: Providing specialist services and support in the form of financial, legal, insurance advice to develop a Public Private partnership/Private Finance Initiative deal for procurement requirement.
- Operational Finance: Procurement advice on risk management and internal control systems including audit arrangements. Advice on the commercial viability of grant recipients, suppliers and partners; solvency checks
- **Organisation and change management:** Provision to management of objective advice and assistance relating to the strategy, structure management and operations of an organisation in pursuit of its purposes and objectives. Long range planning, re-organisation of structure, rationalisation of services, general business appraisal of organisation
- **IT/IS:** The provision of objective advice and assistance relating to IT/IS systems and concepts, including strategic studies and development of specific projects. Defining information needs, computer feasibility studies and making computer hardware evaluations. Including consultancy related to e-business
- **Property and construction:** The provision of specialist advice relating to the design, planning and construction, tenure, holding and disposal strategies. This can also include the advice and services provided by surveyors and architects
- **Procurement:** the provision of objective advice and assistance when establishing procurement strategies
- **Legal services:** The provision of external specialist legal advice and opinion in connection with the policy formulation and strategy development particularly on commercial and contractual matters
- **Marketing and communication:** The provision of objective advice, assistance and support in the development of publicising and the promotion of the entity's Business Support programmes, including advice on design, programme branding, media handling and advertising
- **Human resource, training and education:** The provision of objective advice and assistance in the formulation of recruitment, retention, manpower planning and HR strategies and advice and assistance relating to the development of training and education strategies
- **Programme and project management:** The provision of advice relating to ongoing programmes and one-off projects. Support in assessing, managing and or mitigating the potential risks involved in a specific initiative; work to ensure expected benefits of a project are realised
- **Technical:** The provision of applied technical knowledge. This can be sub-divided into:
 - Technical studies: Research based activity including studies, prototyping and technical demonstrators.
 - Project support: Project based activities including technical consultancy, concept, development and in-service support activities.
 - Engineering support: Task based support including Post Design Services, repair, calibration, analysis testing and integration.

Process requirements

1.0 Implementation and awareness

- Once ratified the document lead or author will submit this document to the Corporate Governance Assistant who will activate it on the Trust approved document management database on the intranet, under 'Policies & guidelines'.
- A monthly publications table is produced by the CGA which is uploaded on the Trust intranet under 'Policies & guidelines'; notification of the posting is included on the intranet "News Feed" and in the Chief Executive's newsletter.
- On reading of the news feed notification all managers should ensure that their staff members are aware of the new publications.

2.0 Review

The Standing Financial instructions will be reviewed annually.

3.0 Archiving

The Trust intranet retains all superseded files in an archive directory in order to maintain document history.

APPENDIX 2

CONSULTATION ON: Standing Financial Instructions

Please return comments to: Deputy Director of Finance (Financial Governance)

By date: 30/11/18

Job title:	Date sent	Date reply received	Modification suggested? Y/N	Modification made? Y/N
Corporate Governance Assistant	16/11/19	27/11/19	Y	Y
Chief Pharmacist	16/11/19			
Staff-Side Chair	16/11/19			
Emergency Planning team	16/11/19	19/11/19	N	
Head of Staff Engagement and Equality	16/11/19			
Health Records Manager	16/11/19			
All individuals listed on the front page of this document	16/11/19			
Local Counter Fraud Specialist	16/11/19	19/11/19	N	
Chief Internal Auditor	16/11/19	27/11/19	Y	Y
Chief Finance Officer	16/11/19	16/11/19	Y	Y
Deputy Director of Finance (Performance)	16/11/19			
Executive Directors	16/11/19	16/11/19	N	
Non-Executive Directors	16/11/19			
Risk and Compliance Manager	16/11/19			
Head of Information Governance	16/11/19	16/11/19	Y	Y
Human Resources Business Partners	16/11/19			
Head of Employee Services	16/11/19	16/11/19	N	
Head of Employee Relations	16/11/19			
Head of Finance Systems	16/11/19	16/11/19	Y	Y
Head of SLA & Income	16/11/19	16/11/19	N	
Head of Financial Management	16/11/19			
Associate Director of Procurement	16/11/19	17/11/19	Y	Y
Financial Accountant	16/11/19			
Deputy and Associate Directors	16/11/19			
Head of R&D	16/11/19			
Associate Director, Quality Governance	16/11/19			
EME Services Manager	16/11/19			
Head of Financial Services	16/11/19	04/12/19	Y	Y
Local Security Management Specialist	16/11/19			
Trust Secretary	16/11/19	30/11/19	Y	Y
General Managers / Heads of Department	16/11/19			

Job title:	Date sent	Date reply received	Modification suggested? Y/N	Modification made? Y/N
Director of Estates and Facilities Management	16/11/19			
Director of Health Informatics	16/11/19	16/11/19	Y	Y
Associate Director of Business Intelligence	16/11/19			

Equality Impact Assessment

This document includes everyone protected by the Equality Act 2010. People who share protected characteristics will not receive less favourable treatment on the grounds of their age, disability, gender, gender identity, marital or civil partnership status, maternity or pregnancy status, race, religion or sexual orientation. The completion of the following table is therefore mandatory and should be undertaken as part of the policy development and approval process.

Title of policy or practice	Standing Financial Instructions
What are the aims of the policy or practice?	The Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by the Trust.
Is there any evidence that some groups are affected differently and what is/are the evidence sources?	No
Analyse and assess the likely impact on equality or potential discrimination with each of the following groups.	Is there an adverse impact or potential discrimination (yes/no). If yes give details.
Gender identity	No
People of different ages	No
People of different ethnic groups	No
People of different religions and beliefs	No
People who do not speak English as a first language	No
People who have a physical or mental disability or care for people with disabilities	No
People who are pregnant or on maternity leave	No
Sexual orientation (LGB)	No
Marriage and civil partnership	No
Gender reassignment	
If you identified potential discrimination is it minimal and justifiable and therefore does not require a stage 2 assessment?	N/A
When will you monitor and review your EqIA?	Alongside this policy/procedure when it is reviewed.
Where do you plan to publish the results of your Equality Impact Assessment?	As Appendix 3 of this policy/procedure on the Trust approved document management database on the intranet, under 'Trust policies, procedures and leaflets'.

