

Status **Active** PolicyStat ID **15435814**



Origination 13 Mar, 2024

Last Approved 13 Mar, 2024

Effective 13 Mar, 2024

Last Revised 13 Mar, 2024

Next Review 13 Mar, 2027

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Area CS Finance

Document Types Other

STANDING FINANCIAL INSTRUCTIONS

Version	Date	Purpose of Issue/Description of Change	Review Date
1	Mar 05	Initial Issue	Mar 06
2	Aug 05	Further amendments incorporating comments from: S Warren and A Lawson Also reviewed in light of other FT documents	Mar 06
3	Feb 06	Final amendments, incorporating comments from J Lawlor.	Feb 07
4/5	Aug 06	Incorporating Audit Committee amendments from June 2006 meeting.	Aug 08
6	Mar 09	Incorporating amendments from Internal Audit, Planning, Estates, Supplies and Finance.	(Mar 12) Aug 10
7	Aug 10	Interim review following organisation restructure.	(Mar 12) Aug 11
8	Aug 11	Post TCS review and 36 month review of document.	Sept 14
9	Mar 12	Changes proposed by Deputy Director of Planning approved March 2012 Board of Directors meeting.	Sept 14

10	Sept 14	Periodic review, incorporating comments from R Tolcher.	May 16
11	Aug 16	Periodic review	Oct 19
12	Oct 19	Periodic review	Oct 22
13	Dec 23	Periodic Review – multiple changes and updates	Sept 25
Status		Open	
Publication Scheme		Document Library>>Policies	
FOI Classification		Release without reference to author	
Document Type		Corporate documentation	
Key Words		Standing, Financial, Instructions, Finance	
Executive Lead (Job Title)			
Policy Lead (Job Title)			
Author (if different from above)		Finance	
Governance Group (that will oversee effectiveness of implementation)			
Approval and/or Ratification Body		Audit Committee Board of Directors	Date/s Mar 24 Feb 24
Review Date (Usually 3 years from approval date)			

1. INTRODUCTION

1.1 General

1.1.1 These Standing Financial Instructions (SFIs) are issued in accordance with the Trust's Standing Orders (SOs) of the Board of Directors. They shall have effect as if incorporated in the Standing Orders of the Trust.

1.1.2 These Standing Financial Instructions detail the financial responsibilities, policies and procedures to be adopted by the Trust.

They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and Government

policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Decisions Reserved to the Board of Directors and the Scheme of Delegation adopted by the Trust.

1.1.3 These Standing Financial Instructions identify the financial responsibilities that apply to everyone working for the Trust and its constituent organisations including trading units. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Director of Finance or delegated officer.

11.4 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Director of Finance 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.

11.5 The failure to comply with Standing Instructions can, in certain circumstances, be regarded as a disciplinary matter that could result in a disciplinary investigation that could result in dismissal.

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

1.2 Terminology

1.2.1 Any expression to which a meaning is given in the National Health Service Act 1977, National Health Service and Community Care Act 1990, the Health and Social Care (Community Health and Standards) Act

2003, National Health Service Act 2006 and
other Acts relating to the National Health Service or in the Financial or other
Regulations made under the Acts or in the
Authorisation or Constitution shall have the same meaning in this interpretation and in
addition:

“Accountable Officer” means the Officer responsible and accountable for funds entrusted to the Trust. He/she shall be responsible for ensuring the proper stewardship of public funds and assets. In accordance with the Act, this shall be the Chief Executive.

“Authorisation” means the authorisation of the Trust by NHS Improvement, who are responsible for overseeing Foundation Trusts and NHS Trusts.

“Board” means the Chair, non-executive directors and the executive directors appointed in accordance with the Trust’s Constitution.

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

“Chair” is the person appointed in accordance with the Constitution to lead the Board of Directors and the Board of Governors. The expression “the Chair” shall be deemed to include the Vice-Chair of the Trust if the Chair is absent from the meeting or is otherwise unavailable.

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

“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 appointed by the Board of Directors.

“Committee Members” means a person formally appointed by the Board of Directors to sit on or to chair specific committees.

“Constitution” means the constitution of the Trust as approved from time to time by NHS Improvement.

“Contracting and Procuring” means the system 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.

“Director of Finance” means the chief finance officer of the Trust.

“Executive Director” means a director who is an officer of the Trust appointed in accordance with the Constitution. For the purposes of this document, “Director” shall not include an employee whose job title incorporates the word Director but who has not been appointed in this manner.

“Funds Held on Trust” shall mean those funds which the Trust holds at its date of incorporation, receives on distribution by statutory instrument, or chooses subsequently to accept under powers derived from the National Service Act 2006.

“Legal Adviser” means the properly qualified person appointed by the Trust to provide legal advice.

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

“Non-Executive Director” means a director who is not an officer of the Trust and who has been appointed in accordance with the Constitution. This includes the Chair of the Trust.

“Officer” means employee of the Trust or any other person who exercises functions for the purposes of the Trust other than solely as a Staff Governor or non-executive Director of the Trust.

“SFIs” means Standing Financial Instructions.

“SOs” means Standing Orders.

“Trust” means Harrogate and District NHS Foundation Trust.

“Vice-Chair” means the non-executive director appointed by the Board of Governors to take on the duties of Chair if the Chair is absent for any reason.

1.2.2 Wherever the title Chief Executive, Director of Finance, or other nominated officer is used in these instructions, it shall be deemed to include such other director or employees who have been duly authorised to represent them.

1.2.3 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.

1.3 Responsibilities and Delegation

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

- (a) formulating the financial strategy;
- (b) requiring the submission and approval of budgets within approved allocations/overall income;
- (c) defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money); and
- (d) defining specific responsibilities placed on members of the Board of Directors and employees as indicated in the Scheme of Delegation document.

1.3.2 The Board of Directors has resolved that certain powers and decisions may only be exercised by the Board of Directors in formal session. These are set out in the 'Reservation of Powers to the Board of Directors' document.

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

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

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

1.3.6 It is a duty of the Chief Executive to ensure that existing members of the Board of Directors and employees and all new

appointees are notified of, and understand, their responsibilities within these Instructions.

1.3.7 The Director of Finance is responsible for:

- (a) implementing the Trust's financial policies and for co-ordinating 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 Director of Finance include:
- (d) the provision of financial advice to other members of the Board of Directors and employees;
- (e) the design, implementation and supervision of systems of internal financial control; and
- (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.

1.3.8 All members of the Board of Directors 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; and
- (d) conforming to the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation.

1.3.9 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.

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

2 AUDIT

2.1 Audit Committee

2.1.1 In accordance with Standing Orders the Board of Directors shall formally establish an Audit Committee, with clearly defined terms of reference, which will provide an independent and objective view of internal control by:

- (a) reviewing the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the Trusts activities (both clinical and non-clinical) that supports the achievements of the Trusts objectives.
- (b) ensuring there is an effective internal audit function established by management that meets mandatory NHS Internal Audit Standards, liaises appropriately with external audit and provides appropriate, independent assurance to the Audit Committee, Chief Executive and Board.
- (c) reviewing the work and findings of the External Auditor appointed by the Board of Governance and considering the implications and management's response to their work.
- (d) reviewing the findings of the other significant assurance functions both

- internal and external to the Trust and
considering the implications to the governance of the organisation.
- (e) reviewing the Annual Report and Financial Statements before submission to the Board
 - (f) monitoring compliance with Standing Orders, Standing Financial Instructions and Scheme of Delegation.
 - (g) reviewing schedules of losses and special payments.
 - (h) reviewing schedules of debtors/creditors balances over six months old and over £5,000 and explanations/action plans.
 - (i) reviewing the annual financial statements and recommend their approval to the Board.
 - (j) reviewing the external auditors report on the financial statements and the annual management letter.
 - (k) conducting a review of the Trusts major accounting policies.
 - (l) reviewing any incident of fraud or corruption or possible breach of ethical standards or legal or statutory requirement that could have a significant impact on the Trusts published financial accounts or reputation.
 - (m) reviewing any objectives and effectiveness of the internal audit services including its working relationship with external auditors.
 - (n) reviewing major findings from internal audit reports and ensure appropriate action is taken.
 - (o) reviewing the mechanisms and levels of authority and make recommendations to the Trust Board.
 - (p) reviewing the scope of both internal and external audit including the agreement on the number of audits per year for approval by the Trust Board.
 - (q) reviewing the gifts, hospitality and sponsorship registers.
 - (r) maintain and reviewing a register of contracts for services held by the Trust.

2.1.2 Where the Audit Committee feel there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the committee wish to raise, the Chairman of the Audit

Committee should raise the matter at a full meeting of the Board of Directors. Exceptionally, the matter may need to be referred to Department of Health and Social Care (to the Director of Finance in the first instance).

2.1.3 It is the responsibility of the Director of Finance to ensure an adequate internal audit service is provided and the Audit Committee shall be involved in the selection process when there is a proposal to review the provision of internal audit services.

2.2 Director of Finance

2.2.1 The Director of Finance 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 meets the NHS mandatory audit standards and provides sufficient independent and objective assurance to the Audit Committee.
- (c) deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud corruption.
- (d) ensuring that an annual internal audit report is prepared for the consideration of the Audit Committee and the Board of Directors. 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 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,
- (iv) a detailed plan for the coming year.

2.2.2 The Director of Finance 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, members of the Board of Directors or employees of the Trust;
- (c) the production of any cash, stores or other property of the Trust under a member of the Board of Directors and employee's control; and
- (d) explanations concerning any matter under investigation.

2.3 Internal Audit

2.3.1 Internal Audit is an independent and objective appraisal service within an organisation which provides an independent and objective opinion to the board and Audit Committee on the degree to which risk management, control and governance support the achievement of the organisations agreed objectives.

2.3.2 Internal audit will systematically review, evaluate and report, in accordance with their risk-based plan, on risk management, internal control and governance arrangements. These arrangements comprise the policies, procedures and operations in place to:

- (a) establish and monitor the achievement of the organisation's objectives.
- (b) identify, assess and manage the risks to achieving the organisations objectives.
- (c) ensure the economical, effective and efficient use of resources.

- (d) ensure compliance with established policies (including behavioural and ethical expectations), procedures, laws and regulations.
- (e) safeguard the organisation's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption.
- (f) ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes.

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

2.3.4 The Head of Internal Audit will normally attend Audit Committee meetings and has a right of access to all Audit Committee members, the Chairman and Chief Executive of the Trust. The Head of Internal Audit has the right to report directly to the Chief Executive of the Board of Directors if, in his/her opinion, the circumstances warrant this course of action.

2.3.5 The Head of Internal Audit shall be accountable to the Director of Finance. The reporting system for internal audit shall be agreed between the Director of Finance, the Audit Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit Manual. The reporting system shall be reviewed at least every three years.

2.3.6 The reporting process agreed is that the Internal Audit department will issue a formal written audit report to the appropriate managers and Executive Directors at the conclusion of each piece of audit work, within an appropriate timescale.

2.3.7 A summary of reports and an annual report will be presented to the Audit Committee.

2.4 Fraud and Corruption

2.4.1 In line with their responsibilities, the Trust Chief Executive and Director of Finance shall monitor and ensure compliance with NHS Counter Fraud Authority (NHSCFA) Standards for providers - Fraud, bribery and corruption.

2.4.2 The Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist as required by NHS Counter Fraud Authority (NHSCFA) Standards for providers – Fraud, bribery and corruption and the NHS Anti-fraud manual.

2.4.3 The Local Counter Fraud Specialist shall report to the Trust Director of Finance and shall work with staff in NHS Counter Fraud Authority (NHSCFA) in accordance with the NHS Anti-fraud manual.

2.4.4 The Local Counter Fraud specialist will provide a written report, at least annually, on counter fraud work with the Trust.

2.5 External Audit

2.5.1 The external auditor is appointed by the Board of Governors and paid for by the Trust. The Audit Committee must ensure a cost-efficient service. If there are any problems relating to the service provided by the external auditor, then this should be raised with the external auditor.

2.6 Security Management

2.6.1 The Chief Operating Officer will monitor and ensure compliance with Directions issued directly by the Secretary of State for Health or NHS Counter Fraud Authority (NHSCFA) 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 guidance on NHS Security management.

The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the director with responsibility for security management.

3 BUSINESS PLANNING, BUDGETS, BUDGETARY CONTROL, AND MONITORING

3.1 Preparation and Approval of Business Plans and Budgets

3.1.1 The Chief Executive will compile and submit to the Board an operational plan which takes into account financial targets and forecast limits of available resources. 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.

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

- (a) be in accordance with the aims and objectives set out in the operational 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; and
- (e) identify potential risks.

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

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

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

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

3.2 Budgetary Delegation

3.2.1 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; and
- (f) the provision of regular reports.

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

3.2.3 Invoice/Contract approval limits are set in the general ledger system. The following limits apply:

Approval Limits	Oracle	Supply Chain
Ward Clerks	500	500
Band 5	1,000	1,000
Band 6	1,000	1,000
Band 7	5,000	10,000
Band 8a	10,000	50,000
Band 8b	50,000	50,000
Band 8c	50,000	50,000
Band 8d	50,000	50,000
Consultants	10,000	50,000
Exec	50,000	50,000
Chief Executive	No limit	50,000
Deputy Chief Exec/Finance Director	No limit	50,000
Chief Operating Officer	250,000	50,000
Head of Financial Accounting/Financial Controller	150,000	50,000

Contracts and Quotations	Value
Contracts up to £5k do not require a formal competitive quotations. However, the requisitioner, in choosing the items to be supplied (or the service to be performed) shall always obtain the best value for money for the Trust.	Up to £5k
Contracts with a value between £10k and £25k require formal competitive quotations. It must be demonstrated in writing that best value has been obtained. Single Tender Actions are not required for this purpose.	£5k to £30k
All contracts with an aggregate value over the official Public Contract Regulations must be tendered under the Public Contracts Regulations.	£30k to Public Contracts Thresholds
Approval is required dependant on the total contract value (not the per annum value).	

3.2.4 Any budgeted funds not required for their designated purpose(s) revert to the

immediate control of the Chief Executive,
subject to any authorised use of virement.

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

3.3 Budgetary Control and Reporting

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

(a) monthly/quarterly financial reports to the Board of Directors in a form approved by the Board containing:

- (i) income and expenditure to date showing trends and forecast year-end position;
- (ii) movements in working capital;
- (iii) a balance sheet;
- (iii) capital project spend and projected outturn against plan;
- (iv) explanations of any material variances from plan;
- (v) details of any corrective action where necessary and the Chief Executive's and/or Director of Finance'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 or 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.

3.3.2 Each Budget Holder is responsible for ensuring that:

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

3.3.3 The Chief Executive is responsible for identifying and implementing cost improvements, cost reductions, efficiencies and income generation initiatives in accordance with the requirements of the operational plan and a balanced budget.

3.4 Capital Expenditure

3.4.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. (The particular applications relating to capital are contained in Standing Financial Instruction Section 10.)

3.5 Monitoring Returns

3.5.1 The Chief Executive is responsible for ensuring that the appropriate monitoring forms are submitted to the requisite monitoring organisation.

4 ANNUAL ACCOUNTS AND REPORTS

4.1 The Director of Finance, 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 the Treasury. The Trusts accounting policies, International Financial Reporting Standards (IFRS) and generally accepted accounting practice.
- (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 by the Department of Health and Social Care

4.2 The Annual Accounts must be formally approved by Board.

4.3 The Trusts annual accounts must be audited by an auditor appointed by the Trust Board. Following the external audit, the Accounts of the Trust, together with the auditor's report upon them, must be made available to the public.

4.4 A public meeting must be held at which the following must be presented:

- (a) the Annual Report of the Trust,
- (b) the audited Accounts of the Trust and Group and the related auditor's report, and
- (c) any auditor's report in the public interest.

4.5 The Trust will publish an annual report, in accordance with guidelines on local accountability, and present it a public meeting.

The document will comply with the Department of Health and Social Care's Group Accounting Manual.

5 BANK AND GBS ACCOUNTS, INVESTMENT AND EXTERNAL BORROWING

5.1 General

5.1.1 The Director of Finance is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of accounts. This advice will take into account guidance and directions issued from time to time by the Department of Health and Social Care. In line with Cash Management in the NHS Trusts should minimise the use of commercial bank accounts and consider using the Government Banking Service (GBS) accounts for all banking services.

5.1.2 The Board shall approve the banking arrangements.

5.2 Bank and GBS Accounts

5.2.1 The Director of Finance is responsible for:

- (a) All Government Banking Service (GBS) and commercial bank accounts, no bank accounts are to be opened in the Trust's name without the prior authorisation of the Director of Finance;
- (b) establishing separate bank accounts for the Trust's charitable funds;
- (c) ensuring payments made from GBS accounts do not exceed the amount credited to the account except where arrangements have been made; and
- (d) reporting to the Board all instances where bank accounts may become or have become overdrawn (together with the remedial action taken).

5.3 Banking and Investment Procedures

5.3.1 The Director of Finance will prepare detailed instructions on the operation of GBS and other bank accounts that must include:

- (a) the conditions under which GBS and other bank accounts are to be operated;
- (b) the limit to be applied to any overdraft; and
- (c) those authorised to sign cheques or other orders drawn on the Trust's accounts.

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

5.4 Investments

5.4.1 The Director of Finance will comply with the Trust Treasury Management Policy, as approved by the Board, when borrowing and investing surplus funds.

5.5 External Borrowing

5.5.1 The Director of Finance will advise the Board concerning the Trust's ability to pay interest on, and repay, both Public Dividend Capital and any proposed borrowing.

5.5.2 Any application for a loan or overdraft will only be made by the Director of Finance or by an employee so delegated by them.

5.5.3 All short term borrowings should be kept to the minimum period of time possible, consistent with the overall cash flow position. Any short term borrowing requirement must be authorised as outlined in the bank mandate.

5.5.4 All long term borrowings must be consistent with the plans outlined in the current Business Plan. Any long term borrowing not included in the current operational plan must be approved by the Board.

5.6 Review of Banking Services

5.6.1 The Director of Finance should monitor performance of banking services providers to ensure that they reflect best practice and represent best value for money.

5.6.2 The Director of Finance will report at least every five years on the review of banking services to the Audit Committee.

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

6.1 Income Systems

6.1.1 The Director of Finance is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due.

6.1.2 The Director of Finance is also responsible for the prompt invoicing and banking of all monies received.

6.2 Fees and Charges

6.2.1 The Trust shall follow the Department of Health and Social Care's advice in the Costing Manual in setting prices for NHS service agreements.

6.2.2 The Director of Finance is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health and Social Care or by statute. Independent professional advice on matters of valuation shall be taken as necessary. Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered the guidance in the Department of Health's Commercial Sponsorship – Ethical standards in the NHS shall be followed.

6.2.3 The Director of Finance shall determine the appropriate charges or fees for the provision of non-NHS services provided to commercial organisations.

6.2.4 It is the responsibility of all employees to inform the Director of Finance promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions. Where an invoice is required all invoice requests must be sent to the Finance Department, no wards or departments are authorised to send their own "invoices".

6.3 Debt Recovery

6.3.1 All staff have an overriding responsibility to collect fees due for the provision of chargeable services thus ensuring the minimisation of debts.

6.3.2 The Director of Finance is responsible for the appropriate recovery action on all outstanding debts.

6.3.3 Income not received should be dealt with in accordance with losses procedures. (See section 12.)

6.3.4 Overpayments should be detected (or preferably prevented) and recovery initiated.

6.4 Security of Cash, Cheques and other Negotiable Instrument

6.4.1 The Director of Finance is responsible for:

- (a) approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable;
- (b) ordering and securely controlling any such stationery;
- (c) the provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines; and
- (d) prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust.

6.4.2 Official money shall not under any circumstances be used for the encashment of private cheques.

6.4.3 All cheques, postal orders, cash etc., shall be banked promptly unless the weekly value of receipts is less than £100 (but not less than once a month) and intact. Disbursements shall not be made from cash received, except under arrangements approved by the Director of Finance.

6.4.4 The holders of safe keys shall not accept 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.

7 NHS SERVICE CONTRACTS FOR PROVISION OF SERVICES

7.1 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.

7.2 All SLA's should aim to implement the agreed priorities contained within the operational 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:

- (a) the standards of service quality expected;
- (b) the relevant national service framework (if any);
- (c) the provision of reliable information on cost and volume of services;
- (d) the NHS National Performance Assessment Framework;
- (e) that SLA's build, where appropriate, on existing partnership arrangements;
- (f) that SLA's are based on integrated care pathways.

7.2 A good service contract will result from a dialogue of clinicians, users, carers, public health professionals and managers. It will reflect knowledge of local needs and inequalities. This will require the Chief Executive to ensure that the Trust works with all partner agencies involved in both the delivery and the commissioning of the service required. The 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.

7.3 The Chief Executive, as the accountable officer, will need to ensure that regular reports are provided to the Board detailing actual and forecast income from SLA's. This will include information on costing arrangements, which increasingly should be based upon case mix adjusted measures including Healthcare Resource Groups (HRGs).

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8 TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF THE BOARD OF DIRECTORS AND EMPLOYEES

8.1 Nominations and Remuneration Committee

8.1.1 In accordance with Standing Orders the Board shall establish a Nominations and Remuneration Committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting.

8.1.2 The Committee will:

- (a) Review the structure, size and composition (including the skills, knowledge and experience) required of the Board and make recommendations to the board with regard to any changes.
- (b) Consider plans for succession planning for the Chief Executive and other executives.
- (c) Identify and nominate for appointment candidates to fill posts within the Committees remit as and when they arise.
- (d) Consider any matter relating to the continuation in office of any Board executive at any time including the suspension or termination of service of an individual as an employee of the Trust.
- (e) Advise and make recommendations to the Board about appropriate remuneration and terms of service for the Chief Executive, Executives and other senior managers not covered by the Agenda for Change Terms and Conditions.
- (f) Make recommendations on any residual local pay arrangements not covered by national terms.
- (g) Monitor, review and report to the Board on relevant processes of remuneration that are not covered by the Agenda for Change pay, terms and conditions or by the consultant contract, the salaried dental contract or the staff and associate specialist contract pay, terms and conditions that may require

consideration by expectation to meet the business needs of the Trust.

8.1.3 The Committee shall report in writing to the Board the basis for its recommendations. The Board shall use the report as the basis for their decisions, but remain accountable for taking decisions on the remuneration and terms of service of executive directors.

Minutes of the Board meetings should record such decisions.

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

8.1.5 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.

8.2 Funded Establishment

8.2.1 The workforce plans are incorporated within the annual budgets will form the funded establishment.

8.2.2 The funded establishment of any department may not be varied recurrently without the approval of the Chief Executive, on the advice of the Director of Workforce and Organisational Development. Any increases in cost or funding must be linked to the financial plan. This process will take into account specific requirements in other policies which may have a greater frequency than the annual budgeting cycle.

8.3 Staff Appointments

8.3.1 No Executive Director or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration:

- (a) unless authorised to do so by the Chief Executive; and
- (b) within the limit of his approved budget and funded establishment.

8.3.2 The Board will approve policies/procedures presented by the Director of Workforce and Organisational Development for the determination of commencing pay rates, condition of service, etc, for employees.

8.4 Processing Payroll

8.4.1 The Director of Finance is responsible for:

- (a) specifying timetables for submission of properly authorised time records and other notifications;
- (b) the final determination of pay and allowances (in conjunction with the Director of Workforce and Organisational Development);
- (c) making payment on agreed dates; and
- (d) agreeing method of payment.

8.4.2 The Director of Finance 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 or bank credit 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
- (m) a system to ensure the recovery from leavers of sums of money and property due by them to the Trust.

8.4.3 Appropriately nominated managers have delegated responsibility for:

- (a) submitting time records and other notifications in accordance with agreed timetables
- (b) completing time records and other notifications in accordance with the Director of Finance's instructions and in the form prescribed by the Director of Finance; and
- (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 Finance must be informed immediately.
- (d) taking responsibility for managing staff costs within the available resources and engaging staff in accordance with Trust policies and procedures.

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

8.5 Contracts of Employment

8.5.1 The Board of Directors shall delegate responsibility to the Director of Workforce and Organisational Development for:

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

9 NON-PAY EXPENDITURE

9.1 Delegation of Authority

9.1.1 As part of the approval of annual budgets, the Board will approve the level of non-pay expenditure and the Chief Executive will determine the level of delegation to budget managers.

9.1.2 The Chief Executive will set out:

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

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

9.2 Requisitioning and Ordering

9.2.1 The Director of Finance shall determine that unless included in the list of exceptions, no goods, services or works shall be ordered except via the Trust's agreed requisitioning and purchase order processes, including online procedures. Suppliers shall be notified that they should not accept orders unless these processes have been followed and that the Trust operates a No PO, No Pay policy.

9.2.2 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 Estates or Supplies department shall be sought. Where this advice is not acceptable to the requisitioner, Director of Finance (and/or the Chief Executive) shall be consulted.

9.2.3 The Director of Finance shall be responsible for the prompt payment of accounts and claims. Payment of contract invoices shall be in accordance with contract terms, or otherwise, in accordance with national guidance within cash flow restraints.

9.2.4 The Director of Finance will:

- (a) advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in standing orders and regularly reviewed;
- (b) prepare procedural instructions 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 within cash flow restraints;
- (d) be responsible for designing and maintaining a system of verification, recording and payment of all amounts

payable. The system shall provide for:

- (i) A list of Board /employees authorised to certify invoices
 - (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;
 - the account is arithmetically correct;
 - the account is in order for payment.
 - (iii) A timetable and system for submission to the Director of Finance of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts (where providing good value for money) 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, (except as below).

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

- (a) prepayments are only permitted where the budget holder is satisfied that the financial advantages outweigh the disadvantages. Examples of typical prepayments would include lease payments and maintenance contract payments.
- (b) the Director of Finance will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the public procurement regulations where the contract is above a stipulated financial threshold); and
- (c) the budget holder is responsible for ensuring that all items due under a prepayment contract are received and he/she must immediately inform the appropriate Director or Chief Executive if problems are encountered.

9.2.6 Official orders must:

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

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

- (a) all contracts, leases, tenancy agreements and other commitments which may result in a liability are notified to the Director of Finance in advance of any commitment being made;
- (b) contracts above specified thresholds are advertised and awarded in accordance with public procurement regulations.
- (c) where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health and Social Care ;

(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;

(See the Trust's Conflicts of Interest Policy).

(e) no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Director of Finance on behalf of the Chief Executive;

(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;

(g) verbal orders must only be issued very exceptionally - by an employee designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "Confirmation Order";

(h) orders/tenders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds or avoid the application of the approval process or attempt to reduce the level of authorisation required

(i) goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;

(j) changes to the list of directors/employees and officers authorised to certify invoices are notified to the Director of Finance;

9.3 Petty Cash

9.3.1 Purchases that will be reimbursed from petty cash are restricted in value and by type, in accordance with instructions issued by the Director of Finance.

9.3.2 All reimbursements must be supported by receipt(s) and certified by an authorised signatory.

9.3.3 Petty cash records are maintained in a form as determined by the Director of Finance.

9.4 Building and Engineering Transactions

9.4.1 The Director of Finance shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions are appropriate. Whilst the Chief Operating Officer will ensure that the same contract and property transactions comply with the guidance contained within Strategic framework for the efficient management of healthcare estates and facilities.

9.5 Tendering and Contracting procedure

9.5.1 Duty to comply with Standing Financial Instructions

9.5.2 The procedure for making all contracts by or on behalf of the Trust shall comply with these SFIs and the Trust's Capital Procedures.

9.5.3 Authorisation of tenders / quotations / contracts should be in accordance with the Scheme of Delegation.

9.5.4 Where competitive tendering or quotation is not required the Trust shall procure goods and services in accordance with the SFIs and Revenue / Purchasing Procedures approved by the Trust.

9.5.5 Business case and contract approval limits are based on the anticipated whole lifetime cost of the contract including irrecoverable VAT. If irrecoverable VAT is excluded from the initial approved expenditure value, then a further business case will be required to cover these costs.

9.5.6 All procurement limits stated in these SFIs are exclusive of VAT.

9.5.7 Any proposed must not be divided into smaller contracts to avoid the provisions of these SFIs, the Procurement Policy and external approval thresholds.

9.5.8 The length of the proposed contract must be based on a rigorous assessment of service need and value for money.

9.5.9 The Trust shall take into account all legal requirements to comply with Public Procurement Regulations and Procurement Policy Notes. Further information on relevant tendering thresholds and requirements can be found at [Public procurement policy - GOV.UK \(www.gov.uk\)](https://www.gov.uk). The Trust shall comply as far as is practical with the requirements of the Department of Health and Social Care Capital Investment Manual and Estate code in respect of capital investment and estate and property transactions.

9.5.10 Formal Competitive Tendering

9.5.11 The trust shall ensure that competitive tenders are invited for:

- a) the supply of goods, materials, manufactured articles
- b) the rendering of services including all forms of management consultancy services (other than specialised services sought from or provided by the Department of Health and Social Care / other external body
- c) the design, construction and maintenance of buildings and engineering

works; and for disposals.

9.5.12 These SFIs should be read in line with the Trust's Formal Tendering Procedure.

9.5.13 Fair and adequate competition: The Trust shall ensure that invitations to tender are sent to a sufficient number of suppliers to provide fair and adequate competition as appropriate, and, if possible, no fewer than 3 suppliers, having regards to their capacity to supply the goods or materials or to undertake the services or works required.

9.5.14 Appropriate and Accredited frameworks: wherever possible, the Trust shall ensure that the suppliers invited to tender, or, where appropriate, quote, are among those on framework agreements.

9.5.15 Items which subsequently breach thresholds after original approval: Items estimated to be below the limits set in these SFIs for which formal tendering procedures are not used and which subsequently prove to have a value above such limits shall be reported to the Chief Executive and reported in an appropriate Trust record.

9.5.16 Post tender negotiations are not permitted. However post tender clarification may be sought. Advice on this should be requested from the Head of Procurement or their deputy.

9.5.17 **Procurement below £5,000**

The purchase of goods or services under an estimated value of £5,000(including VAT) does not require formal competitive quotations/tenders. However, the requisitioner, in choosing the item to be supplied (or service to be performed) must still obtain value for money and offer fair and equitable treatment to suppliers.

Procurement between £5,000 and £30,000

Except where 9.6.6 applies, competitive quotations shall be obtain for purchases of goods and services between an estimated value of £5,000 and £30,000 (including VAT). See Section 9.6 Quotations.

The value of contracts within these values will include the cost of any potential extension written into the contract.

Procurement above £30,000, Public Contract Regulation or Provider Selection Regime thresholds

The Trust will adopt formal tendering procedures for all procurements in excess of an estimated value of £30,000 including VAT

All contracts with an aggregate value over the official Public Contracts Regulations thresholds must be tendered under the public contracts regulations.

For current thresholds, please see Public procurement policy - GOV.UK (www.gov.uk). The financial limit is subject to revision every 2 years.

Exceptions and instances where formal tendering procedures need not be applied:

- (a) The estimated expenditure or income does not, or is not reasonably expected to exceed £30,000.
- (b) The supply is proposed under special arrangements negotiated by the Department of Health and Social Care in which event the said special arrangements must be complied with.

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

- (c) 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.
- (d) where the requirement is covered by an existing contract.
- (e) where a consortium arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the consortium members.
- (f) 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.
- (g) Where specialist expertise is required and is available from only one source.
- (h) When the task is essential to complete the project and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate.
- (i) 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.
- (j) For the provision of legal advice and services 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 and are generally recognised as having sufficient expertise in the area of work for which they are commissioned. The Director of Finance will ensure that any fees paid are reasonable and within commonly accepted rates for the costing of such work.
- (k) Where allowed and provided for in the Capital Investment Manual.

Where an appropriate and/or accredited framework agreement exists, the framework rules whether this involves running a mini competition or allows for a direct award, non-competitive and competitive tendering procedures may be waived.

9.5.18 The waiving of competitive tendering procedures should not be used to avoid

competition, public procurement legislation
or for administrative convenience or to award further work to a consultant originally
appointed through a competitive
procedure.

9.5.19 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 reported to the Chief Executive, Director of
Finance and Audit Committee. All
Waivers, with the exception of those for pharmaceuticals, must be signed off by the
Head of Procurement or their
deputy, prior to authorisation.

9.5.20 The value of contracts within these values will include the cost of any potential
extension written into the contract.

9.6 Quotation

9.6.1 Quotations are required where the formal tendering procedures are not adopted and
where the intended expenditure or
income is within, or reasonably expected to be within, the £30,000 threshold for
competitive tendering.

9.6.2 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 the Director of Finance.

9.6.3 Competitive quotations should be obtained from at least three suppliers / individuals.
They should be formally
documented and electronic quotations with supporting documentation are acceptable
to the Trust.

9.6.4 All quotations should be treated as confidential and should be retained for inspection.

9.6.5 The Chief Executive or his nominated officer will work with the Budget Holder / Responsible Officer to evaluate the quotations and select the one which gives best value for money. If this is not the lowest, then this fact and the reasons why the lowest quotation was not chosen should be in a permanent record.

9.6.6 Where tenders or quotations are not required, because expenditure is below £5,000 the Trust shall procure goods and services in accordance with procurement procedures approved by the Board of Directors.

9.6.7 The Chief Executive shall be responsible for ensuring the best value for money can be demonstrated for all services provided under contract or in-house. The Board of Directors may also determine from time to time that in-house services should be market tested by competitive tendering. (Standing Order 9)

9.6.8 The competitive tendering or quotation procedure shall not apply to the disposal of:

- (a) Items with an estimated sale value of less than £10,000;
- (b) Any matter in respect of which a fair price can be obtained only by negotiation or sale by auction;
- (c) Obsolete or condemned articles and stores; which may be disposed of in accordance with the supplies policy of the Trust.

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

10.1 Capital Investment

10.1.1 The Chief Executive or nominated officer:

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

10.1.2 For every capital expenditure proposal the Chief Executive or nominated officer shall ensure:

- (a) that a business case with sufficient detail 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; and
 - (ii) appropriate project management and control arrangements;
 - (iii) the involvement of appropriate Trust personnel and external agencies; and
- (b) that the Director of Finance has certified professionally to the costs and revenue consequences detailed in the business case and involved appropriate Trust personnel and external

agencies in the process

10.1.3 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of the “Strategic framework for the efficient management of healthcare estates and facilities”. The Director of Finance shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.

10.1.4 The approval of the capital investment programme shall not constitute approval for the initiation of expenditure on any scheme.

10.1.5 The Deputy Director of Planning shall issue to the manager responsible for any scheme:

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

10.1.6 The Chief Executive will issue a scheme of delegation for capital investment management in accordance with the and the Trust’s Standing Orders.

10.1.5 The Director of Finance shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes. These procedures will:

- (a) be designed to ensure that each project stays within estimated/budgeted costs at each milestone;
- (b) be issued to project managers and other employees/persons involved in capital projects;
- (c) incorporate simple checklists designed to ensure that important

requirements are complied with on each project.

10.2 Private Finance (including leasing)

10.2.1 Operating leases must be signed by the Director of Finance or nominated officer.

10.2.2 When the Trust proposes to use finance, the following procedures shall apply:

- (a) The Director of Finance shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector
- (b) The proposal must be specifically agreed by the Board. Where the sum exceeds delegated limits, the business case must be referred to the Department of Health and Social Care or in line with any current guidelines.
- (c) Any finance lease must be agreed and signed by the Director of Finance.
- (d) The Trust will submit a business case for the capital loan.

10.3 Asset Registers

10.3.1 The Chief Executive is responsible for the maintenance of Registers of Assets, taking account of the advice of the Director of Finance concerning the form of any register and the method of updating, and arranging for a physical check of assets.

10.3.2 The Trust shall maintain an Asset Register recording fixed assets. The minimum data set to be held within these registers shall be specified in the Capital Accounting Manual as issued by the Department of Health and Social Care.

10.3.3 Additions to the Fixed Asset Register must be clearly identified by an appropriate

budget holder and be validated by reference to:

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

10.3.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the ~ accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).

10.3.5 The Director of Finance shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on Fixed Asset Registers.

10.3.6 The value of each asset shall be depreciated using methods and rates in accordance with methods specified in the Capital Accounting Manual and the Group Accounting Manual issued by the Department of Health and Social Care

10.3.7 The Director of Finance of the Trust shall calculate and pay capital charges as specified in the Capital Accounting Manual issued by the Department of Health and Social Care.

10.4 Security of Assets

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

10.4.2 Asset control procedures (for purchased assets and donated assets) must be approved by the Director of Finance. These procedures shall make provision for:

- (a) recording of managerial responsibility for each asset;
- (b) identification of additions and disposals;
- (c) identification of all repairs and maintenance expenses;
- (d) physical security of assets;
- (e) periodic verification of the existence of, condition of, and title to assets recorded;
- (f) identification and reporting all costs associated with the retention of an asset;
- (g) reporting, recording and safekeeping of cash, cheques and negotiable instruments.

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

10.4.4 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 Trust property as may be determined by the Board. Any breach of agreed security practices must be reported in accordance with agreed procedures.

10.4.5 Any damage to the Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by Board and employees in accordance with the procedure for reporting losses.

10.4.6 Where practical, assets should be marked as Trust property.

10.4.7 Equipment and other assets may be loaned to or from the Trust. Employees and

managers must ensure that the Trusts management procedure is followed, in particular conditions attaching to the loan are documented and the assets identified. Assets loaned to the Trust must not be entered in the Trust's asset register.

11 STORES AND RECEIPT OF GOODS

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

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

11.2 Subject to the responsibility of the Director of Finance for the systems of control, overall responsibility for the control of stores shall be delegated to the Trust's Head of Procurement. The day-to-day responsibility may be delegated by Head of Procurement to departmental employees and stores managers/keepers. The control of any Pharmaceutical stocks shall be the responsibility of a designated Pharmaceutical Officer; the control of any fuel oil and coal shall be the responsibility of a designated Estates Manager and the control of any Theatres stocks shall be the responsibility of a designated Theatres Manager. The day to day responsibility for the community loan stores/wheelchairs shall be delegated to the appropriate Operation Director/Manager.

11.3 A number of principles apply to the operation of all stores; managers of stores and stock are responsible for ensuring that:-

- (a) stocks are kept to a minimum, commensurate with delivery and cost effective purchasing;
- (b) delegation of responsibility must be clearly defined and recorded. The

Director of Finance may require
access to the record in writing;

- (c) the designated manager must be responsible for security arrangements; the custody of keys etc must be clearly defined in writing;
- (d) security measures, including marking as Trust property, must be commensurate with the value and attractiveness of the stock;
- (e) stocktaking arrangements are agreed with the Director of Finance and a physical check undertaken at least once a year;
- (f) the system of store control, including receipt and checking of delivery notes etc, is agreed with the Director of Finance;
- (g) there is a system, approved by the Director of Finance, for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods;
- (h) any evidence of significant overstocking and of any negligence or malpractice shall be reported to the Director of Finance;
- (i) losses and the disposal of obsolete stock are reported to the Director of Finance.

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

11.5 For goods supplied via the NHS Supply Chain 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 (the delivery notes should be retained by the authorised person). The Director of Finance shall satisfy themselves that the goods have been received before accepting the recharge. This will be achieved through sample checking and tolerance levels.

12 DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

12.1 Disposals and Condemnations

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

12.1.2 When it is decided to dispose of a Trust asset, the head of department or authorised deputy will determine and advise the Director of Finance of the estimated market value of the item, taking account of professional advice where appropriate. The Director of Finance shall ensure that the arrangements for the sale of disposable assets maximise the income to the Trust.

12.1.3 All unserviceable articles shall be:

- (a) condemned or otherwise disposed of by an employee authorised for that purpose by the Director of Finance
- (b) recorded by the Condemning Officer in a form approved by the Director of Finance that 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 Director of Finance.

12.1.4 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 Director of Finance who will take the appropriate action.

12.2 Losses and Special Payments

12.2.1 The Director of Finance must prepare procedural instructions on the recording of and accounting for condemnations,

losses, and special payments. The Director of Finance must also prepare a Fraud and Corruption Policy that sets out the

action to be taken both by the persons detecting a suspected fraud and those persons responsible for investigating it.

12.2.2 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their head of

department, who must immediately inform the Chief Executive and the Director of Finance or inform an officer charged

with responsibility for responding to concerns involving loss confidentially. This officer will then appropriately inform the

Director of Finance and/or Chief Executive. When an employee discovers or suspects fraud or corruption it must be

immediately reported to the Trust's Local Counter Fraud Specialist – telephone no. (01904) 725145 <https://cfa.nhs.uk/reportfraud>. Alternatively, employees can contact the NHS Fraud and Corruption

Reporting Line (0800) 028 4060. Where a criminal offence is suspected, the Director of Finance must immediately inform the police if theft or arson is involved.

12.2.3 The Director of Finance or Local Counter Fraud Specialist must notify the NHS Counter Fraud Service and both the

Internal and External Auditor of all frauds.

12.2.4 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Director of

Finance must immediately notify:

- (a) the Board,
- (b) the External Auditor, and
- (c) the Head of Internal Audit.

12.2.5 The delegated limits for approval of all losses and special payments are set out in section 4 of SFI delegated limits.

Authorising officers must undertake fuller reviews of systems to reduce the risk of similar losses occurring in the future
and seek advice where they believe a particular case raises issues of principle

12.2.6 For any loss, the Director of Finance should consider whether any insurance claim could be made.

12.2.7 The Director of Finance shall maintain a Losses and Special Payments Register in which write-off action is recorded. This
register will be reviewed by the Audit Committee on an annual basis.

12.2.8 No special payments exceeding delegated limits advised by the Department of Health (see Scheme of Delegation for
details) shall be made without the prior approval of the Board.

12.2.9 The Audit Committee reviews losses and special payments on an annual basis.

12.3 Bankruptcies, Liquidation and Receiverships

12.3.1 The Director of Finance shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies
and company liquidations.

12.3.2 When a bankruptcy, liquidation or receivership is discovered, all payments should cease pending confirmation of the
bankruptcy etc. As a matter of urgency, a statement must be prepared listing the amounts due to and from the Trust.

13 INFORMATION TECHNOLOGY

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

- (a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Trust's data, programs and computer hardware for which he/she is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the General Data Protection Regulation
- (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 he/she may consider necessary are being carried out.

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

13.3 In the case of computer systems which are proposed General Applications (i.e. normally those applications which the majority of NHS bodies in the locality/region wish to sponsor jointly) all responsible directors and employees will send to the Director of Finance:

- (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.

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

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

13.6 Where computer systems have an impact on corporate financial systems the Director of Finance shall satisfy themselves that:

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

14 PATIENTS' PROPERTY

14.1 The Trust has a responsibility to provide safe custody for money and other personal property (hereafter referred to as

"property") handed in by patients, in the possession of unconscious or confused patients, or found in the possession of patients dying in hospital or dead on arrival.

14.2 The Chief Executive is responsible for ensuring that patients or their guardians, as appropriate, are informed before or at admission by:

- notices and information booklets,
- hospital admission documentation and property records,
- the oral advice of administrative and nursing staff responsible for admissions,

that the Trust will not accept responsibility or liability for patients' property brought into Health Service premises, unless it is handed in for safe custody and a copy of an official patients' property record is obtained as a receipt.

14.3 The Director of Finance must provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients' property (including instructions on the disposal of the property of deceased patients and of patients transferred to other premises) for all staff whose duty is to administer, in any way, the property of patients.

Due care should be exercised in the management of patient's money in order to maximise the benefits to the patient.

14.4 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.

14.5 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.

14.6 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.

14.7 Where a deceased patient is intestate and there is no lawful next-of-kin, details of any monies or valuables should be
notified to the Treasury Solicitor.

14.8 Any funeral expenses necessarily borne by the Trust in respect of a deceased patient shall be reimbursed from any of the
patient's monies held by the Trust.

15 CHARITABLE FUNDS

15.1 Introduction

15.1.1 Charitable funds are those funds which are held in the name of the Trust separately from other funds and which arise
principally from gifts, donations, legacies and endowments made under the relevant charities legislation.

15.1.2 Standing Orders state the Trust's responsibilities as a corporate trustee for the management of funds it holds on trust and
define how those responsibilities are to be discharged. They explain that although the management processes may overlap
with those of the organisation of the Trust, the trustee responsibilities must be discharged separately and full recognition
given to its dual accountabilities to the Charity Commission for charitable funds held on trust and to the *Secretary of State*
for all funds held on trust.

15.1.3 The reserved powers of the Board of Directors and the Scheme of Delegation make

clear where decisions regarding the exercise of dispositive discretion are to be taken and by whom. Directors and officers must take account of that guidance before taking action. Standing Financial Instructions are intended to provide guidance to persons who have been delegated to act on behalf of the corporate trustee.

15.1.4 As management processes overlap most of the sections of these Standing Financial Instructions will apply to the management of funds held on trust. This section covers those instructions which are specific to the management of funds held on trust.

15.1.5 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.

15.2 Income

15.2.1 All gifts and donations accepted shall be received and held in the name of the Trust's registered charity and administered in accordance with the Trust's policy, subject to the terms of the specific charitable fund.

15.2.2 All managers/employees who receive enquiries regarding legacies shall keep the Director of Finance, or person nominated by them, informed and shall keep an appropriate record. After the death of a benefactor all correspondence concerning a legacy shall be dealt with on behalf of the Trust by the Director of Finance.

15.2.3 The Director of Finance shall advise the Corporate Trustee (the Trust's Board) on the financial implications of any proposal for material fund raising activities which the Trust may initiate, sponsor or approve. Should clarification be required about materiality please contact the Director of Finance.

15.2.4 New charitable funds will only be opened where the wishes of benefactors cannot be accommodated within existing funds
and in all cases must comply with the requirements of the Charity Commission.

15.3 Expenditure

15.3.1 All expenditure from charitable funds, with the exception of legitimate expenses of administering and managing those funds must be for the benefit of the NHS.

15.3.2 Expenditure of any charitable funds shall be conditional upon the goods and services being within the terms of the appropriate charitable fund and upon the proviso that the expenditure does not result in further payments by the Trust which have not been agreed and funded.

15.4 Investments

15.4.1 Charitable funds shall be invested by the Director of Finance in accordance with the Trust's policy and statutory requirements.

15.4.2 In managing the investments the Trust shall take due account of the written advice received from its duly appointed Investment Advisors.

16 ACCEPTANCE OF GIFTS BY STAFF

16.1 The Director of Finance shall ensure that all staff are made aware of the Trust policy on acceptance of gifts and other benefits in kind by staff. This policy follows the guidance contained in the Trust's Managing Conflicts of Interest Policy and Procedure; the Code of Conduct for NHS Managers 2002; the Bribery Act 2010 and the ABPI Code of Professional Conduct

relating to hospitality and gifts from pharmaceutical and external industry and is also deemed to be an integral part of these Standing Orders and Standing Financial Instructions.

17 RETENTION OF RECORDS

17.1 The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with legislation and guidance issued by the Department of Health and Social Care and other regulators.

17.2 The records held in archives shall be capable of retrieval by authorised persons.

17.3 All the above shall be in compliance with the requirements of the Freedom of Information act and the Trusts policy for document management and retention.

18 RISK MANAGEMENT AND INSURANCE

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

18.2 The programme of risk management shall include:

- (a) a process for identifying and quantifying principal risks and potential liabilities, existing controls, additional controls as identified in the corporate risk register;
- (b) engendering among all levels of staff a positive attitude towards the control of risk as described in the Trust Risk Management Strategy;
- (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) review arrangements including; external audit, internal audit, clinical audit, health and safety review;
- (f) a clear indication of which risks shall be insured;
- (g) receive and review annual plan at Board.

The existence, integration and evaluation of the above elements will assist in providing a basis to make a statement on the effectiveness of internal control within the Annual Report and Accounts as required by current Department of Health and Social Care guidance.

18.3 The Board shall review the insurance arrangements for the Trust.

Appendix One

Intermediate and Small Capital Schemes Tendering Procedure

Invitation to Tender

1. All invitations to tender on a formal competitive basis shall state that no tender will be considered for acceptance unless submitted in either:

- a a plain, sealed package bearing a pre-printed label supplied by the Trust (or bearing the word 'Tender' followed by the subject to which it relates and the latest date and time for the receipt of such tender); or
- b. In a special envelope supplied by the Trust to prospective tenderers and the tender envelopes/packages shall not bear

any names or marks indicating the sender.

2. Every tender for goods, materials, manufactured articles supplies as part of a works contract and services shall embody such of the main contract conditions as may be appropriate in accordance with the contract forms.
3. Every tender for building and engineering works, shall embody or be in the terms of the current edition of the appropriate Joint Contracts Tribunal (JCT), NEC or other E.C.C. (Procure 21+) standard forms of contract amended to comply with the "Strategic framework for the efficient management of healthcare estates and facilities". The standard documents should be amended to comply with the Strategic framework for the efficient management of healthcare estates and facilities and, in minor respects, to cover special features of individual projects.
4. Every tender for goods, materials, services (including consultancy services) or disposals shall embody such of the NHS Standard Contract Conditions as are applicable. Every tenderer must have given or give a written undertaking not to engage in collusive tendering or other restrictive practice.
5. When tenders are invited the Deputy Director of Planning will forward a list of the prospective tenderers to the Chief Executive or an officer nominated by them showing the closing time and date(s) for each. In the instance that these tenders are not in relation to the Capital Design Team, then the Chief Operating Officer will forward the list accordingly.

Receipt, Safe Custody and Record of Formal Tenders

6. Formal competitive tenders shall be addressed to the Chief Executive.
7. The date and time of receipt of each tender shall be endorsed on the unopened tender envelope/package.

8. The Chief Executive shall designate an officer or officers, not from the originating department, to receive tenders on his behalf and to be responsible for their endorsement and safe custody until the time appointed for their opening, and for the records maintained in accordance with the following.

Opening Formal Tenders

9. As soon as practical after the date and time stated as being the latest time for the receipt of tenders they shall be opened in the presence of two members of the Directors Team or of one member and one officer from those nominated by the Chief Executive and not from the originating department.

10. Every tender received shall be endorsed with the date of opening and signed by two of those present at the opening.

11. A permanent record shall be maintained to show for each set of competitive tender invitations despatched:

- a. the names of firms/individuals invited;
- b. the names of and the number of firms/individuals from which tenders have been received;
- c. the total price(s) tendered;
- d. closing date and time;
- e. date and time of opening;

The record shall be signed by the persons present at the opening.

12. Except as in Section 13 below, a record shall be maintained of all price alterations on tenders, i.e. where a price has apparently been altered, and the final price shown shall be recorded. Every price alteration appearing on a tender and the record should be initialled by two of those present at the opening.

13. A report shall be made on the record if, on any one tender, price alterations are so numerous as to render the procedure at Section 12 unreasonable.

Admissibility and Acceptance of Formal Tenders

14. In considering which tender to accept, if any, the designated officers shall have regard to whether value for money will be obtained by the Trust and whether the number of tenders received provides adequate competition. In cases of doubt they shall consult the Chief Executive.

15. Tenders received after the due time and date may be considered only if the Chief Executive or nominated officer decides that there are exceptional circumstances, e.g. where significant financial, technical or delivery advantages would accrue, and is satisfied that there is no reason to doubt the bona fides of the tenders concerned. The Chief Executive or nominated officer shall decide whether such tenders are admissible and whether re-tendering is desirable. Re-tendering may be limited to those tenders reasonably in the field of consideration in the original competition. If the tender is accepted the late arrival of the tender should be reported to the Board at its next meeting.

16. Technically late tenders (i.e. those despatched in good time but delayed through no fault of the tenderer) may be regarded as having arrived in due time.

17. In complete tenders (i.e. those from which information necessary for the adjudication of the tender is missing) and amended tenders (i.e. those amended by the tenderer upon his own initiative either orally or in writing after the due time for receipt) should be dealt with in the same way as late tenders.

18. Where examination of tenders reveals errors which would affect the tender figure, the tenderer is to be given details of such errors and afforded the opportunity of confirming or withdrawing his offer.

19. Necessary discussions with a tenderer of the contents of his tender, in order to elucidate technical or other points before the award of a contract, need not disqualify the tender.
20. While decisions as to the admissibility of late, incomplete, or amended tenders are under consideration and while re-tenders are being obtained, the tender documents shall be kept strictly confidential and held in safe custody by the designated officer.
21. Where only one tender/quotation is received the Trust shall, as far as practicable, ensure that the price to be paid is fair and reasonable.
22. The most economically advantageous tender/quotation 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 and such reasons shall be set out in a permanent record.
23. All Tenders should be treated as confidential and should be retained for inspection.

Lists of Approved Firms

24. The Trust shall compile and maintain, and the Chief Operating Officer shall keep, lists of approved firms and individuals from whom tenders may be invited, and shall keep these under review. The lists shall be selected from all firms which have applied for permission to tender provided that:
- a. in the case of building, engineering and maintenance works, the Chief Executive is satisfied on their capacity, conditions of labour, etc, and that the Director of Finance is satisfied that their financial standing is adequate (see detailed Financial Procedures).
 - b. In the case of the supply of goods, materials and related services, and consultancy services the Chief Executive or the nominated officer is satisfied as to their technical competence etc, and that

the Director of Finance is satisfied that their financial standing is adequate.

25. In the case of building, engineering and maintenance works, the trust shall arrange to review the list, not less frequent than every fifth year, as described in the Strategic framework for the efficient management of healthcare estates and facilities.

26. If in the opinion of the Chief Executive or the Director of Finance it is impractical to use a list of approved firms/individuals (for example where specialist services or skills are required and there are insufficient suitable potential contractors on the list), the Chief Executive should ensure that appropriate checks are carried out as to the technical and financial capability of firms invited to tender or quote.

27. A permanent record should be made of the reasons for inviting a tender or quote other than from an approved list.

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Approval Signatures

Step Description

Approver

Date

Policy Governance Team Review	Karen Cleminson: Administrative Assistant [KK]	13 Mar, 2024
Policy Governance Team Review	PGT Policy Governance Team [KK]	13 Mar, 2024
Policy Owner	THOMAS MORRISON: Senior Financial Accountant	13 Mar, 2024

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