



Document Reference:	Standing Financial Instructions	Version:	V 5
Document Owner:	Joanne Fitzpatrick Director of Finance	Document Author:	Suzanne Robinson Deputy Director of Finance
Accountable Committee:	Management Board	Date Approved:	12/08/2015
Ratified by:	Audit Committee	Date Ratified:	12/08/2015
Date issued:	12/08/2015	Review Date:	27/10/2016
Target Audience:	Trust Wide	Equality Impact Assessment:	N/A
Consultation process	Internal audit and Counter Fraud	Associated policies and documents	Page 2

Purpose

To set out the financial responsibilities, policies and procedures to be adopted by the Trust. The documents regulate the conduct of the Trust, its directors, officers, and agents in relation to all matters.



Standing Financial Instructions



August 2015

We Care, We Discover, We Teach

Standing financial instructions: contents	Page
1. Introduction,	4
2. Audit	10
3. Business planning, budgets, budgetary control and monitoring	15
4. Annual accounts and reports	18
5. Bank and office of the paymaster general accounts	19
6. Income, fees and charges	20
7. Security of cash, cheques and other negotiable instruments	21
8. Contracting for the provision of services or the purchase of goods.	22
9. Terms of service, allowances and payment of members of the board and employees	24
10. Non-pay expenditure	28
11. External borrowing and investments	32
12. Capital investment, private financing, fixed asset registers and security of assets	34
13. Stores and receipt of goods	38
14. Disposals and condemnations, losses and special payments	39
15. Information technology	41
16. Patients' property	42
17. Funds held on trust	44
18. Acceptance of gifts by staff	49
19. Retention of documents	49
20. Risk management and insurance	49
21. Expenses	51
22. Hospitality	51
23. Consultation	52

Appendices	Page
Appendix 1 – Tendering and contract procedures	53
Appendix 2 – Code of conduct for Directors and employees	64
Appendix 3 –Delegated responsibility letters	65
Appendix 4 - Standard of business conduct for NHS staff	69
Part A Prevention of corruption acts 1906 and 1916 - summary of main	70
Part B Department of Health (DoH) – general guidelines	71
Part C Action checklist for NHS Managers	77
Part D Short guide for staff	78
Part E Chartered Institute of Purchasing and Supply – Ethical Code	79

1. Introduction

1.1 Purpose

- 1.1.1 These Standing Financial Instructions are issued for the regulation of the conduct of the Trust, its Directors, officers and agents in relation to all financial matters. They should be read in conjunction with the reservation of powers, the detailed scheme of delegation and the Constitution adopted by the trust.
- 1.1.2 These SFIs identify the financial responsibilities that apply to everyone working for the trust and its constituent organisations including any satellite sites. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. The director of finance must approve all financial procedures. These SFIs do not set out in full the requirements of the regulator's guidance and all relevant guidance of the regulator should be consulted. Such guidance will also change over time and these SFIs do not record or reference all such applicable guidance.
- 1.1.3 Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of the director of finance must be sought before acting. The user of these SFIs should also be familiar with and comply with the provisions of the trust's constitution
- 1.1.4 Failure to comply with SFIs and the Constitution may be treated as a disciplinary matter.
- 1.1.5 If for any reason these SFI's 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 and staff have a duty to disclose any non-compliance with these SFIs to the director of finance as soon as possible.
- 1.1.6 Officers of the trust should note that the SFIs, the Constitution and the reservation of powers and detailed scheme of delegation do not contain every legal obligation applicable to the trust. The trust and each officer of the trust must comply with all requirements of legislation, (which shall mean any statute, subordinate or secondary legislation, any enforceable community right within the meaning of section 2(1) European Community Act 1972 and any applicable judgment of a relevant court of law which is a binding precedent in England) and all guidance and directions binding on the trust. Legislation, guidance and directions will impose requirements additional to the Constitution, SFIs and the reservation powers and detailed scheme of delegation. All such legislation and binding guidance and directions shall take precedence over these SFIs, the Constitution and the reservation of powers and detailed scheme of delegation. The SFIs, the Constitution the reservation of powers and detailed scheme of delegation shall be interpreted accordingly.
- 1.1.7 All policies and procedures of the trust, to the extent that they are consistent with these SFI's, must be followed by all governors, directors and officers of the trust in addition to the provisions of this SFIs (whether specifically referenced in this schedule or not).

1.2 Terminology

- 1.2.1 Any expression to which a meaning is given in the Health and Social Care Community Health and Standards Act 2012 and/or the National Health Services Act 2006 shall have the same meaning in these SFIs. The following terms shall where the context permits have the meanings set out below:
- a) "**absence**" a period of time deemed as acceptable to allow delegation of authority to be awarded to a nominated deputy.
 - b) "**accounting officer**" means the person who from time to time discharges the functions specified in paragraph 25(5) of schedule 7 to the National Health Services Act 2006 For the trust it shall be the chief executive.
 - c) "**board**" means the Board of Directors, formally constituted in accordance with this constitution and consisting of the chair, non-executive directors appointed by the Council of Governors and the executive directors.
 - d) "**budget**" 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.
 - e) "**budget holder**" means the director or employee with delegated authority to manage finances (income and expenditure) for a specific area of the organisation.
 - f) "**chair**" is the person appointed by the Council of Governors to lead the board, and to ensure that it discharges its overall responsibility for the trust as a whole.
 - g) "**chief executive**" means the chief accountable officer of the trust.
 - h) "**commercial Framework**" means the system of documents and guidance setting out the trusts strategy, policy and procedures applicable to business development, procurement and strategic projects.
 - i) "**commissioning**" means the process for determining the need for and obtaining the supply of healthcare and related services by the trust within available resources.
 - j) "**committee**" means a board of directors.
 - k) "**the constitution**" sets out the purpose and powers, and governance arrangements of the organisation.
 - l) "**contracting**" means the system for putting in place and managing all aspects of a contract for commissioned healthcare and related services.
 - m) "**council of governors**" means the Council of Governors of the Trust as constituted by the Constitution.
 - n) "**director of finance** " means the chief financial officer of the trust.
 - o) "**executive director**" means a member of the board who is an officer of the trust.

- p) **“funds held on trust”** means those funds which the Board holds on the date of incorporation, receives on distribution by statutory instrument or chooses subsequently to accept under powers derived under the National Health Service Act 2006. Such funds may or may not be charitable.
- q) **"non-executive director"** means a non-executive director of the trust who satisfies the independence criteria as set out at paragraph A.3.1 of the NHS Foundation Trust Code of Governance
- r) **"legal adviser"** means the properly qualified person appointed by the trust to provide legal advice
- s) **“nominated committee”** is any sub-committee of the board
- t) **“nominated officer”** means an officer charged with the responsibility for discharging specific tasks within the Constitution and SFIs
- u) **"officer"** means an employee of the trust or any other person holding a honorary or office with the trust
- v) **“procurement officer”** means the director or employee with delegated authority to commit the trust to contract for supplies, services or works. This is separate and distinct delegated authority not to be confused with a budget holder.
- w) **“regulator”** means the Independent Regulator of NHS Foundation Trusts.
- x) **“secretary”** means a person appointed to act independently of the board to provide advice on corporate governance issues to the board and the chair and monitor the trust’s compliance with the law, its terms of authorisation, SOs, and department of health guidance
- y) **“trust”** means The Christie NHS Foundation Trust
- z) **“ultra vires”** an act beyond the scope of powers granted by the organisation

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.

1.2.4 All references in these instructions to the masculine gender shall be read as equally applicable to the feminine gender.

1.2.5 References to any statute, statutory provision, statutory instrument or guidance in these SFIs include reference to that statute, provision, instrument or guidance as replaced, amended, extended, re-enacted or consolidated from time to time.

1.3 Responsibilities and delegation

- 1.3.1 The board has resolved that the board may only exercise certain powers and decisions in formal session. These are set out in the 'reservation of powers to the board'.
- 1.3.2 The board exercises financial supervision and control by:
- a) ensuring the financial strategy is consistent with, and an integral part of, the business plan;
 - 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 directors and employees as indicated in the reservation of powers and detailed scheme of delegation
- 1.3.3 The board will delegate responsibility for the performance of its functions in accordance with the reservation of powers and detailed scheme of delegation adopted by the trust. The extent of delegation shall be kept under review by the board.
- 1.3.4 Within the SFIs, it is acknowledged that the chief executive is ultimately accountable to the board, and as accounting officer, to the regulator, for ensuring that the board meets its obligation to perform its functions within the available financial resources. The chief executive has overall executive responsibility for the trust's activities; is responsible to the chair and the board for ensuring that its financial obligations and targets are met and has overall responsibility for the trust's system of internal control.
- 1.3.5 The chief executive and director of finance may, 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 directors and officers, employees and all new appointees are notified of, and understand, their responsibilities within these instructions.
- 1.3.7 It is a duty of the chief executive to ensure any offer of gifts, reward or benefit over £25 whether refused or accepted or small gifts totaling over £100 in a 12 month period must be disclosed on the Gift / Hospitality Declaration register as soon as practicable;
- 1.3.8 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 preparation of duties and internal checks are prepared, documented and maintained to supplement these SFIs;
- 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 the duties of other employees of the trust, the duties of the director of finance include:
 - d) the provision of financial advice to other members of the board and employees;
 - e) the design, implementation and supervision of systems of internal financial control; 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.

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

- a) the security of the property of the trust;
- b) avoiding loss;
- c) exercising economy and efficiency in the use of resources; and
- d) conforming to the requirements of the Constitution, SFIs, financial procedures and other financial procedures which the director of finance may issue, that have been agreed by the board and the reservation of powers and detailed scheme of delegation

1.3.10 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 for or on behalf of the trust, shall be covered by these SFIs. It is the responsibility of the chief executive to ensure that such persons are made aware of this.

1.3.11 For any and all members of the board 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 and employees discharge their duties, must be to the satisfaction of the director of finance.

1.4 Nominated Officers and their Delegated Levels

- 1.4.1 Nominated officers will be formally delegated responsibility from level 1 – 3 (a) from the detailed scheme of delegation. The trust standard letter (Appendix 3) must be signed and returned to finance to allow the financial controls to be changed.
- 1.4.2 The following activities cannot be delegated permanently using the above delegation process and can only be delegated during periods of absence in line with SFI section 1.2.1 (a) and within the detailed scheme of delegation;
- a) Contract Signing - Signing of any agreement or document that enters the trust into a legally binding contract must be within delegated limits, in accordance with the detailed scheme of delegation
 - b) Procurement - Signing of any agreement or document that enters the trust into a legally binding agreement must be within delegated limits, in accordance with the detailed scheme of delegation
 - c) Requisitioning - Requisitions can only be raised within delegated limits in accordance with the detailed scheme of delegation. Divisions providing an in-house service to other divisions will be given access to raise and approve requisitions for goods and services on the delegating divisions behalf.
 - d) Invoice Approvals – Invoices can only be approved within delegated limits in accordance with the detailed scheme of delegation. Acting divisions may approve invoices on behalf of the delegating division, providing appropriate checks have been carried out in line with the invoice approval process
 - e) Recruitment of temporary Medical Staff – Acting divisions may arrange medical cover based on the requirements and needs of the department and will ensure payment for locums is charged to the delegating department.
- 1.4.3 With an approved declaration form, a nominated officer charged with a specific task may have delegated authority to approve activity or expenditure in other divisions independently of their employed division, but this must not contradict section 1.4.1
- 1.4.4 Nominated officers with delegated responsibility to approve expenses and salaries through the ePay system, that do not have a financial authorisation limit, must complete an ePay Delegation letter and submit to finance.

2 Audit

2.1 Audit committee

2.1.1 In accordance with the Constitution, the board shall formally establish an audit committee, with clearly defined terms of reference, to provide assurances to the board that the trust is properly governed and well managed across the full range of its activities.

The Audit Committee will provide an independent and objective view of internal control by:

- a) Monitoring compliance with Standing Financial Instructions;
- b) Reviewing schedules of losses and compensations and making recommendations to the Board;
- c) review the establishment and maintenance of effective systems of corporate governance, risk management and internal control;
- d) review the adequacy and effectiveness of:
 - i) the underlying assurance processes that indicate the degree of achievement of corporate objectives, effectiveness of risk management and the appropriateness of the above disclosure statements
 - ii) the policies for ensuring compliance with regulatory, legal and code of conduct requirements, as they relate to corporate, financial and investment issues and, for the Christie Charitable Fund, with the terms of its declaration of trust and appropriate legislation
 - iii) policies and procedures for all work related to fraud and corruption, equivalent to the secretary of state's directions for NHS Trusts on fraud, corruption and security management and as required by the NHS counter fraud & security management service (CFSMS)
 - iv) the policy on data quality particularly as it relates to the data, which forms the basis of self assessments or disclosures to the regulator around the non-compliance, shall be reported to the next formal meeting of the audit committee for referring action or ratification.
 - v) review arrangements, by which staff of The Christie may raise, in confidence, concerns about possible improprieties in matters of financial reporting and control, clinical quality, patient safety or other matters
 - vi) all risk and control related disclosure documents (in particular the Statement of Internal Control and the relevant areas of the Care Quality Commission Essential Standards of Quality & Safety) together with any appropriate independent assurances, prior to endorsement by the board
 - vii) the compliance with The Christie's Equality and Diversity policy
- e) coordinate its work with the trust quality assurance committee, as specified in both committees' terms of reference;

Oversee internal and external audit services

- f) ensure there is an effective internal audit function, that meets the Audit Code for NHS Foundation Trusts and the Guide for Governors: Audit Code for NHS Foundation Trusts and provides appropriate independent assurances to the committee, the chief executive and the board. This will include;
 - i) agreeing terms of reference for the internal audit function, consistent with the Audit Code for NHS Foundation Trusts and the Guide for Governors: Audit Code for NHS Foundation Trusts
 - ii) considering any questions regarding the appointment of the internal audit service or revisions to/termination of the internal audit service contract
 - iii) reviewing and approving the internal audit strategy, operational audit plans and detailed work programmes
 - iv) considering the findings of internal audit reports, and management responses
 - v) ensuring adequate internal audit resource is identified and purchased
 - vi) reviewing the performance and effectiveness of the internal audit service on an annual basis
 - vii) review the work and findings of the external auditor and consider the implications and management's responses to their work;
 - viii) review the findings of other significant assurance functions and consider the corporate/financial governance implications for the trust; and
 - ix) review annual report, financial statements and annual governance statement for the trust and, in respect of funds held on trust by the trust as corporate trustee, prior to submission to the board

2.1.2 Where the audit committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the committee wishes to raise, the chair of the audit committee should raise the matter at a full meeting of the board. Exceptionally, the matter may need to be referred to the regulator.

2.1.3 The terms of reference of the audit committee, including its role and the authority delegated to it by the board and by the council, should be made publicly available.

2.2 Senior Information Risk Owner

2.2.1 The Board shall nominate an Executive Member to be responsible to the Board for information risk management (the Senior Information Risk Owner).

2.2.2 The role of the Senior Information Risk Owner is defined in the Information Governance toolkit. The Senior Information Risk Owner is the leading advocate for information risk to the Board, advising how information security risks could affect the strategic goals of the trust.

2.3 Director of finance

2.3.1 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 is adequate and meets the NHS internal audit standards, the Audit Code for NHS Foundation Trusts and the Guide for Governors: Audit Code for NHS Foundation Trusts;
- c) deciding at what stage to involve the police in cases of fraud, misappropriation and other regularities; and
- d) ensuring there are appropriate terms of reference for the internal audit function, and that these are reflected in the SFIs

2.3.2 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 or officers of the trust
- c) the production of any cash, stores or other property of the trust under a member of the board and/or officer's control; and
- d) explanations concerning any matter under investigation

2.4 Role of internal audit

- 2.4.1 Internal audit provides an independent and objective opinion to the chief executive, the audit committee and the board on the degree to which risk management, control and governance support the achievement of the trust's agreed objectives;.
- 2.4.2 The head of internal audit will provide an annual opinion statement, in accordance with department of health guidelines, which will be based on a systematic review and evaluation of risk management, control and governance which comprises the policies, procedures and operations in place to:
- a) establish, and monitor the achievement of, the trust's objectives;
 - b) identify, assess and manage the risks to achieving the trust's 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 trust's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption; and
 - f) ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes
- 2.4.3 Where key systems are being operated on behalf of the trust by anybody external to the trust, the head of internal audit must ensure arrangements are in place to form an opinion on their effectiveness.
- 2.4.4 Where the trust operates systems on behalf of other bodies, the head of internal audit must be consulted on the audit arrangements proposed or in place.
- 2.4.5 Whenever a matter arises which involves, or is thought to involve, irregularities concerning cash, stores or other property or any suspected irregularity in the exercise of any function of a pecuniary nature, the director of finance must be notified immediately.
- 2.4.6 The head of internal audit will normally attend audit committee meetings and has a right of access to all audit committee members, the chair and chief executive of the trust.
- 2.4.7 The director of finance shall produce written procedures for the issue and clearance of audit reports. These shall include the appropriate following action and the steps to be taken when managers fail to take remedial action within the appropriate period.
- 2.4.8 Where in exceptional circumstances the use of normal reporting channels could be seen as a possible limitation on the objectivity of the audit, the head of internal audit shall have access to report directly to the chair, or vice chair, chair of the audit committee or chief executive.
- 2.4.9 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 any guidance on reporting contained in the Audit code for NHS Foundation Trusts and the Guide for Governors: Audit code for NHS Foundation Trusts. The reporting system shall be reviewed at least every three years.

2.5 Fraud and corruption

2.5.1 The trust shall take all necessary steps to counter fraud and deal effectively with security management issues affecting NHS funded services in accordance with Clause 37 of the “Foundation Trust Agency Purchase Contract” (FTAPC) and in accordance with:

- a) the NHS Fraud and Corruption Manual published by the Counter Fraud and Security Management Service (CFSMS);
- b) the policy statement “Applying appropriate sanctions consistently” published by CFSMS any other reasonable guidance or advice issued by CFSMS that affects efficiency, systemic and/or procedural matters; and
- c) the security management manual

The chief executive and director of finance shall monitor and ensure compliance with the above.

2.5.2 The trust shall nominate a suitable person to carry out the duties of the local counter fraud specialist (LCFS) and local security management specialist (LSMS) in accordance with relevant Secretary of State Directions

2.5.3 The LCFS and LSMS shall report to the director of finance and shall work with staff in the NHS counter fraud & security management service and the counter fraud operational service in accordance with the Department of Health fraud and corruption manual.

2.6 External audit

2.6.1 The external auditor is appointed by the Council of Governors.

2.6.2 The Audit Code for NHS Foundation Trusts (“The Audit Code”) contains directions of the regulator under Schedule 7 paragraph 24 of the National Health Service Act 2006, with respect to the standards, procedures and techniques to be adopted by the auditor.

2.6.3 The trust shall apply comply with the Audit Code.

2.6.4 The auditor shall be required by the trust to comply with the Audit Code.

2.6.5 SFIs 2.6.3 and 2.6.4 relate equally to internal and external audit.

2.6.6 In the event of the auditor issuing a public interest report the trust shall forward a report to the regulator within 30 days (or such shorter period as the regulator may specify) of the report being issued. The report shall include details of the trust’s response to the issues raised within the public interest report.

3 Business planning, budgets, budgetary control and monitoring

3.1 Preparation and approval of annual plans and budgets

- 3.1.1 The chief executive will compile and submit to the board, on an annual basis, a two year operational plan and a five year strategic plan in accordance with the requirements of the economic regulator. The annual plan will contain:
- a) statement of the significant assumptions on which the plan is based
 - b) details of major changes in workload, delivery of services or resources required to achieve the plan
 - c) full compliance with the regulator's requirements as detailed in the authorisation
- 3.1.2 Prior to the start of each 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 2 year operational plan and 5 year strategic plan;
 - b) accord with workload and manpower plans;
 - c) be produced following discussion with appropriate budget holders;
 - d) be prepared within the limits of available funds;
 - e) identify potential risks; and
 - f) enable the trust to comply with the prudential borrowing code set out by the regulator
- 3.1.3 The director of finance shall monitor financial performance against budget and plan, 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 The director of finance has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage their budgets successfully.

3.2 Budgetary delegation

- 3.2.1 The director of finance on behalf of chief executive may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must have 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 (if applicable and permitted);
 - 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 the board. The chief executive may vary the budgetary limit of an officer within the chief executive's own budgetary limit.
- 3.2.3 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the director of finance, subject to any authorised use of virement.
- 3.2.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the director of finance.
- 3.2.5 Expenditure for which no provision has been made in an approved budget and not subject to funding will be approved through the appropriate authorization process.

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 financial reports to the board in a form approved by the board containing:
 - i) income and expenditure to date showing trends and forecast year-end position;
 - ii) movements in working capital;
 - iii) 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;

- vi) key performance indicators; and
- vii) financial risk and mitigating actions.
- viii) management and virement of trust reserves

- b) the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible
- c) investigation and reporting of variances from financial, workload and manpower budgets
- d) monitoring of management action to correct variances; and e) arrangements for the authorisation of budget transfers

3.3.2 The director of finance shall keep the chief executive and the board informed of the financial consequences of changes in policy, pay awards, and other events and trends affecting budgets and shall advise on the financial and economic aspects of future plans and projects.

3.3.3 Each budget holder is responsible for ensuring that:

- a) any likely overspend or reduction of income that cannot be met by virement is not incurred without the consent from the appropriate committee.
- b) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised .
- c) no permanent employees are appointed without the approval of the director of finance and chief operating officer other than those provided for within the available resources and manpower establishment as approved by the board.

3.3.4 The chief executive is responsible for identifying and implementing cost improvements and income generation initiatives delivering the requirements of the annual plan.

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 SFI 12).

3.5 Monitoring returns

3.5.1 The chief executive is responsible for ensuring that the requisite monitoring forms are submitted to all appropriate monitoring regulators within the required timescale.

4 Annual accounts and reports

4.1 The director of finance, on behalf of the trust, will:

- a) keep accounts, and in respect of each financial year must prepare annual accounts, in such form as the regulator may, with the approval of the treasury, direct.;
- b) ensure that, in preparing the annual accounts, the trust complies with any directions given by the regulator with the approval of the treasury as to:
 - i) the methods and principles according to which the accounts are to be prepared; and
 - ii) the information given in the accounts; and
- c) ensure that a copy of the annual accounts and any report by the external auditor on them, are laid before parliament and that copies of these documents are sent to the regulator, within the prescribed timetable.

4.2 Annual Report

4.2.1 The trust will prepare annual reports as required by the National Health and Social Care Act 2012. This will be presented to the board for approval and received by the Council of Governors at a public meeting. A copy will be forwarded to the regulator. The report will give:

- a) Information on any steps taken by the trust to secure that the actual membership of its public constituency and the patients' constituency is representative of those eligible for membership; and
- b) any information the regulator or DoH requires.

5 Banking

5.1 Bank accounts

5.1.1 The director of finance is responsible for:

- a) all bank accounts;
- b) establishing separate bank accounts for the trust's non-exchequer funds;
- c) ensuring payments made from bank 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).

5.1.2. All funds will be held in accounts in the name of The Christie NHS Foundation Trust. No officer other than the director of finance shall open any bank account in the name of the trust and he/she will report to the board on new accounts opened or existing accounts closed.

5.1.3 The director of finance must seek the approval of the board prior to opening any bank account in the name of the trust.

5.2 Banking procedures

5.2.1 The director of finance is the only employee authorized to open a bank account on behalf of the Trust or bearing the trusts name and / or address.

5.2.2 The director of finance will prepare detailed instructions, approved by the board, on the operation of bank and Government Banking Services (GBS) accounts which must include:

- a) the conditions under which each bank account is 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.

5.2.3 The director of finance must advise the trust bankers in writing of the conditions under which each account will be operated.

5.3 Tendering and review of banking arrangements

5.3.1 The director of finance will review the banking arrangements of the trust at regular intervals to ensure they reflect best practice and represent best value for money. Following such reviews, the director of finance shall determine whether or not to seek competitive tenders for the trust's banking business.

5.3.2 The results of such reviews will be reported to the nominated committee.

5.3.3 The board shall approve the banking arrangements.

6 Income, fees and charges

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 budget coding of all monies due.
- 6.1.2 The director of finance is also responsible for the prompt banking of all monies received.

6.2 Fees and charges

- 6.2.1 The trust shall follow the England and the regulators guidance on the national payment system and any other applicable guidance in setting prices for contracts with NHS commissioners for all services falling within national tariff from time to time.
- 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 or by statute. Independent professional advice on matters of valuation may be taken as necessary.
- 6.2.3 All employees must inform their appropriate finance manager promptly, of money due arising from transactions which they initiate/deal with, including all contracts, leases and tenancy agreements.

6.3 Debt recovery

- 6.3.1 The director of finance is responsible for the appropriate recovery action being carried out on all outstanding debts. The director of finance will establish procedures for the write-off of debts after all reasonable steps have been taken to secure payment.
- 6.3.2 Income not received should be dealt with in accordance with losses procedures. (see section 14.)
- 6.3.3 Overpayments should be detected (or preferably prevented) and recovery initiated.
- 6.3.4 Officers collecting, holding and accounting for income shall keep monies secure and shall pay these into the appropriate trust bank accounts or to the director of finance at the first opportunity or within such reasonable time as approved by the director of finance.

7. Security of cash, cheques and other negotiable instruments

- 7.1 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;
 - d) prescribing systems and procedures for handling cash and negotiable securities on behalf of the trust; and
 - e) reporting, recording and safekeeping of the cash, cheques and negotiable instruments.
- 7.2 Money administered by the trust shall not under any circumstances be used for the encashment of private cheques, or IOU's.
- 7.3 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the director of finance.
- 7.4 The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the trust is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the trust from responsibility for any loss.
- 7.5 The use of a cheque signing machine and/or cheques with a preprinted signature included shall be subject to such special security precautions as may be required from time to time by the director of finance.
- 7.6 Where cash collection is undertaken by an external organisation, this shall be subject to such security and other conditions as required by the director of finance.

8 Contracting for provision of services or the purchase of good

- 8.1 The board of the trust shall regularly review and shall at all times maintain and ensure the capacity and capability of the trust to provide the mandatory goods and services referred to in the terms of authorisation and related schedules.
- 8.2 The chief executive, as the accounting officer, is responsible for ensuring the trust enters into suitable contracts with CCGS, NHS England and other commissioners for the provision of NHS services.
- 8.3 All Contracts shall be legally binding, shall comply with best costing practice and shall be so devised as to manage contractual risk, in so far as is reasonably achievable in the circumstances of each contract, whilst optimising the trust's opportunity to generate income.
- 8.4 All contracts need updating to the trusts electronic contracts register.
- 8.5 In carrying out these functions at SFI 8.2 above, the chief executive should take into account the advice of directors regarding:
- a) costing and pricing of services and/or goods;
 - b) payment terms and conditions;
 - c) billing systems and cash flow management;
 - d) the contract negotiating process and timetable;
 - e) the provision of contract data;
 - f) contract monitoring arrangements;
 - g) amendments to contracts; and
 - h) any other matters relating to contracts of a legal or non-financial nature.
- 8.6 The chief operating officer and the director of finance shall produce regular reports detailing actual and forecast service activity income with a detailed assessment of the impact of the variable elements of income.
- 8.7 Where the trust enters into a relationship with another organisation for the supply or receipt of other services – clinical or non-clinical, the responsible officer should ensure that an appropriate contract is present and signed by both parties in accordance with the Detailed scheme of delegation.
- 8.8 All contracts for zero value for goods or services must be signed by in accordance with the Detailed scheme of delegation.

8.9 Sealing of documents

The seal of the trust shall not be fixed to any documents unless the sealing has been authorised by a resolution of the board or of a committee established by the board where the board has delegated its powers to authorise the application of the trust's seal.

Before any building, engineering, property or capital document is sealed, it must be approved and signed by the director of finance, or an officer nominated by him or her and authorised and countersigned by the chief executive, or an officer nominated by him or her who shall not be within the originating directorate.

All deeds entered into by the trust and all documents conveying an interest in land must be executed by the application of the trust's seal.

9 Terms of service, allowances and payment of members of the board and employees

9.1 Remuneration and terms of service

9.1.1 The Council of Governors (COG) is responsible for setting the remuneration of non- executive directors and the chair. The COG should consult external professional advisors to market-test the remuneration levels of the chair and the other non-executive directors at least once every three years and when they intend to make a large change to the remuneration of a non-executive director.

9.1.2 In accordance with the Constitution the board shall establish a remuneration committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting.

9.1.3 The remuneration committee will:

- a) Advise the board about appropriate remuneration and terms of service for the chief executive, other executive directors employed by the trust and other senior employees including:
 - i) all aspects of salary (including any performance-related elements/bonuses);
 - ii) provisions for other benefits, including pensions and cars; an
 - iii) arrangements for termination of employment and other contractual terms
- b) make such recommendations to the board on the remuneration and terms of service of the board members (and other senior employees) to ensure they are fairly rewarded for their individual contribution to the trust - having proper regard to the trust's circumstances and performance and to the provisions of any national arrangements for such members and staff where appropriate;
- c) monitor and evaluate the performance of executive directors (and other senior employees);
- d) advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate; and
- e) 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's meetings should record such decisions.

9.1.4 The remuneration 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's meetings should record such decisions.

9.1.5 The board will consider and approve proposals presented by the chief executive for the setting of the remuneration and conditions of service for those officers not covered by the committee.

9.2 Establishment

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

9.2.2 The funded establishment of any department may not be varied without the approval of the chief operating officer or nominated officers authorised by him/her to do so (see the reservation of powers and detailed scheme of delegation).

9.2.3 Increased establishment within available budget cannot be varied without the approval of finance (see delegation of powers)

9.2.4 Increased establishment without available budget cannot be varied without the approval of director of finance and chief operating officer

9.3 Staff appointments

9.3.1 No executive director or employee may engage, re-engage, or re-grade employees, on a permanent or temporary basis, hire agency staff, or agree to changes in any aspect of remuneration:

- a) unless authorised to do so by the chief operating officer or a uthorised by him to do so (see the reservation of powers and detailed scheme of delegation); and
- b) within the limit of his approved budget and funded establishment.

9.3.2 In line with the trust policy of relocation and removal policy where a post is demonstrated to be essential and difficult to recruit to, staff who incur removal and relocation expenses can be reimbursed in order for the employee to reside within a reasonable travelling distance of place of work, but authorisation must be granted at interview as per the human resources removal and relocation policy

9.4 Processing payroll

9.4.1 The chief operating officer is responsible for:

- a) specifying timetables for submission of properly authorised time records and other notifications;
- b) verifying that rates of pay have been calculated in accordance with national or trust agreements;
- c) making payment on agreed dates; and d) agreeing method of payment.

9.4.2 The chief operating officer will issue instructions regarding:

- a) verification and documentation of data;

- b) the timetable for receipt and preparation of payroll data and the payment of employees and allowances;
- c) maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
- d) security and confidentiality of payroll information;
- e) checks to be applied to completed payroll before and after payment;
- f) authority to release payroll data under the provisions of the relevant statutory acts;

9.4.3 The director of finance will issue instructions regarding:

- a) methods of payment available to various categories of officers;
- b) procedures for payment by cheque, bank credit, or cash to officers;
- c) procedures for the recall of cheques and bank credits;
- d) pay advances and their recovery;
- e) maintenance of regular and independent reconciliation of pay control accounts;
- f) separation of duties of preparing records and handling cash; and
- g) a system to ensure the recovery from leavers of sums of money and property due by them to the trust.

9.4.4 Appropriate nominated managers have delegated responsibility for:

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

For the avoidance of doubt, documentation should not be self-certified. i.e. signed and authorised by the same person.

9.4.5 Notwithstanding the overall responsibility of the chief operating officer for 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 control, that audit review procedures and that suitable arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies.

9.5 Contracts of employment

9.5.1 The board shall delegate (except in relation to matters which are the responsibility of the remuneration committee) responsibility to a manager for:

- a) ensuring that all employees are issued with a contract of employment in a form approved by the board and which complies with employment legislation (conditions of pay and terms of service will be Agenda for Change as it may be from time to time or the trust's own conditions); and
- b) dealing with variations to, or termination of, contracts of employment
- c) for staff recruiting difficulties, removal expenses will be awarded as specified in the Trust relocation and removal policy

9.6 Employment Policies and procedures

The chief operating officer shall ensure that policies and procedures are prepared to cover the following areas

- a) annual leave including special leave arrangements
- b) study leave
- c) management of absence
- d) grievance procedures
- e) and all other relevant trust approved policies

10 Non-pay expenditure

10.1 Delegation of authority (in conjunction with section 1.1.3 and Appendix 1)

10.1.1 The board will approve the level of non-pay expenditure on an annual basis and the chief executive will determine the level of delegation to budget holders.

10.1.2 The chief executive will set out:

- a) the list of managers who are authorised to place requisitions for the supply of goods and services,
- b) the maximum level of each requisition and the system for authorisation above that level,
- c) periodic reviews and updates by purchasing and supplies

10.2 Choice, requisitioning, ordering, receipt and payment for goods and services (please see appendix 1 in addition)

10.2.1 The requisitioner, in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the trust. In so doing, the trusts procurement advice on the supply shall be sought and taken. All requisitions should meet the requirements of Appendix 1, in particular paragraph 1.2. Where goods and services are procured using the corporate credit card the approved credit card policy applies in addition to the requirements at Appendix1. Where this advice is not acceptable to the requisitioner, the director of finance and/or the chief executive shall be consulted.

10.2.2 The director of finance shall be responsible for the prompt payment of accounts and claims. Payment of contract invoices shall be in accordance with contract terms.

10.2.3 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, are regularly reviewed.
- b) prepare procedural instructions incorporated as appendix 1 on the obtaining of goods, works and services incorporating the thresholds.
- c) be responsible for the prompt payment of all properly authorised accounts and claims
- d) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
 - (i) ensuring a segregation of duties
 - (ii) a list of directors (including specimens of their signatures) authorised to

approve requisitions, invoices or contracts.

(iii) certification that:

- requisitions are appropriate, coded correctly and authorised prior to receiving goods and services.
- 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 that 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
- all necessary authorisations have been obtained for all expenditure
- the account is arithmetically correct
- the account is in order for payment

(iv) a timetable and system for submission to the director of finance of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment

(v) instructions to all officers regarding the handling and payment of accounts within the finance department

For the avoidance of doubt documentation should not be self-certified, i.e. signed and authorised by the same person

- e) be responsible for ensuring that payment for goods and services is only made once the goods and services are received and have a valid purchase order, unless identified on the exemption list finance (except as below).
- f) goods will not be raised by a junior member of staff and approved by their manager if the purpose of the purchase is a benefit to the manager.

10.2.4 Prepayments are only permitted where exceptional circumstances apply.

In such instances:

- a) prepayments are only permitted where the financial advantages outweigh the disadvantages;
- b) the appropriate executive director must provide, in the form of a written report, a

case setting out all relevant circumstances of the purchase. The report must set out the effects on the trust if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments;

- c) the director of finance will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the public procurement rules as referenced in appendix 1); and
- d) 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
- e) payments in advance of goods or services being received are approved by finance.

10.2.5 Official orders must:

- a) be authorised by the requisition and supplies team
- b) be consecutively numbered and accounted for
- c) be in a form approved by the director of finance
- d) state the trust's terms and conditions of trade; and
- e) only be issued to, and used by, those duly authorised by the chief executive
- f) raised in advance of receiving goods and services
- g) raised for the full contract life with an RPI calculation in line with the Trust ordering procedure
- h) If an additional requisition is required for a contract previously awarded, evidence must be provided to prove the contract variation has followed the business case and tender award approval process.
- i) If the supplier is on a framework, the framework agreement reference must be specified in the body of the requisition.

10.2.6 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 (other than for purchases permitted within the reservation of powers and detailed scheme of delegation or delegated budget), leases, tenancy agreements and other commitments that may result in a liability are notified to the director of finance in advance of any commitment being made;
- b) contracts must be advertised and awarded in accordance with EU and GATT rules on public procurement and in accordance with appendix 1;
- c) 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

- d) visits at supplier's expense should not be undertaken without the prior written approval of the chief executive;
- e) no requisition/order shall be 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 purchases from petty cash, and works and services executed in accordance with a contract, Contractors will be notified that they should not accept an order unless on an official form;
- g) verbal orders must only be issued very exceptionally - by a nominated officer in cases of emergency or urgent necessity. These must be confirmed by an official order no later than the next working day and clearly marked "confirmation order";
- h) orders are not split or otherwise placed in a manner devised to avoid the financial thresholds contained in these SFIs or the reservation of powers and detailed scheme of delegation or as are applicable under the Public Contracts Regulations 2006;
- i) goods are not taken on trial or loan in circumstances that could commit the trust to a future uncompetitive purchase;
- j) overseas purchases from within the EU will incur VAT and import tax additional to the purchase price. Purchases from outside the EU will incur other import duties
- k) changes to the list of nominated officers included in the "Levels of Delegations" as documented in the Scheme of Delegation
- l) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the director of finance; and
- m) petty cash records are maintained in a form as determined by the director of finance

10.2.7 The director of finance shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with all applicable guidance.

11 External borrowing and investments

11.1 General

- 11.1.1 The board shall approve the treasury management strategy in accordance with all applicable guidance which may be issued by the regulator.
- 11.1.2 The director of finance will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.
- 11.1.3 The director of finance must ensure that all covenants attached to borrowings by any lender are adhered to.

11.2 Public dividend capital

- 11.2.1 On authorisation as a foundation trust the public dividend capital held immediately prior to authorisation continues to be held on the same conditions.
- 11.2.2 Additional public dividend capital may be made available on such terms the Secretary of State (with the consent of the treasury) decides.
- 11.2.3 Draw down of public dividend capital should be authorised in accordance with the mandate held by the department of health cash funding team, and is subject to approval by the Secretary of State.
- 11.2.4 The trust shall be required to pay annually to the department of health a dividend on its public dividend capital at a rate to be determined from time to time, by the Secretary of State.

11.3 Commercial borrowing

- 11.3.1 The trust may borrow money from any commercial source for the purposes of or in connection with its functions
- 11.3.2 The trust may invest money for the purposes of or in connection with its functions. Such investment may include forming, or participating in forming, or otherwise acquiring membership of bodies corporate.
- 11.3.3 The trust may also give financial assistance (whether by way of loan, guarantee or otherwise) to any person for the purposes of or in connection with its functions.

11.4 Investment of Temporary Cash Surpluses

- 11.4.1 Temporary cash surpluses must be held only in such public and private sector investments as approved in the trust's treasury management policy which should be drawn up by the director of finance and pursuant to all applicable guidance including Managing Operating Cash in NHS Foundation Trusts published by the regulator.
- 11.4.2 The director of finance shall report periodically to the trust board concerning the performance of investments held.
- 11.4.3 The director of finance will prepare detailed procedural instructions on investment operations and on the records to be maintained. The trusts treasury management policy will incorporate guidance from the regulator as appropriate.
- 11.4.4 The trust shall comply with all relevant guidance published on investments.

11.5 Working Capital Facility

- 11.5.1 The board will ensure that funds are available for short-term cash flow management by negotiating an irrevocable working capital facility with a commercial bank. The value of this facility shall not exceed the limit set in the trust's authorisation.

12 Capital investment, private financing, fixed asset registers and security of assets

12.1 Capital investment

- 12.1.1 The board shall approve a programme of building, engineering and design schemes known as the capital programme, as part of the budgetary process. In addition, further list of such schemes known as the reserves list shall be provided for situations where additional monies or slippage on existing schemes etc., enable resources to become available to provide additional works. The chief executive shall approve the commencement of such reserve schemes as required.
- 12.1.2 Where a requirement for a capital scheme not already in the approved programme arises during the course of the year, approval for its commencement shall be in accordance with the reservation of powers and detailed scheme of delegation and a report shall be made to the next meeting of the board, showing the impact of the new scheme on the capital programme and the revenue consequences.
- 12.1.3 The trust shall comply with all relevant guidance published on capital investments and the arrangement of capital schemes.
- 12.1.4 All schemes must be within the approved capital budget. Any increased or additional budget requirement must be approved via the appropriate approval process.

12.2 Business cases

- 12.2.1 The chief executive:
- a) shall ensure that there is an adequate appraisal and approval process in place for determining capital and revenue expenditure priorities and the effect of each proposal upon business plans
 - b) shall ensure that appropriate management arrangements are in place for all stages of capital and revenue schemes and for ensuring that schemes are delivered on time and to cost; and
 - c) shall ensure, where appropriate, that the capital and revenue investment is not undertaken without the availability of resources to finance all revenue consequences, including capital charges
- 12.2.2 The chief executive shall ensure that management's arrangements are in place for capital and revenue expenditure to ensure:
- a) that a business case is produced in line with guidance issued by the director of finance. This should include:
 - (i) an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs
 - (ii) appropriate project management and control arrangements; and

(iii) the involvement of appropriate trust personnel, committees and external agencies; and

b) that the director of finance or his nominated officer has certified professionally to the costs and revenue consequences detailed in the business case

12.2.3 For capital schemes where the contracts stipulate stage payments, the chief executive via a nominated officer will issue procedures for their management, incorporating best practice guidelines.

The director of finance or his nominated officer shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with HM customs & revenue guidance.

The director of finance or his nominated officer shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.

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

The chief executive shall ensure there is an approval process in place for:

a) specific authority to commit expenditure through a business case;

b) authority to proceed to tender;

c) approval to accept a successful tender

12.2.5 The director of finance's nominated officer shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes.

12.3 Asset registers

12.3.1 The chief executive is responsible for the maintenance of registers of assets, taking account of the advice of the director of finance concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register against an agreed programme.

12.3.2 The trust shall maintain asset registers recording fixed assets. The minimum data set to be held within these registers shall be as specified in the NHS Foundation Trust Annual Reporting Manual.

12.3.3 Additions to the capital fixed asset registers must be clearly identified to an appropriate budget holder and be validated by reference to:

a) properly authorised and approved agreements, architect's certificates,

supplier's invoices and other documentary evidence in respect of purchases from third parties

- b) stores, requisitions and wages records for own materials and labour including appropriate overheads; and
- c) lease agreements in respect of assets held under a finance lease and capitalised

12.3.4 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). No capital asset shall be disposed of without the prior approval of the director of finance's nominated officer. (part exchange is deemed to be a disposal).

12.3.5 The trust may not dispose of any protected property without the approval of the regulator. This includes the disposal of part of the property or granting an interest in or over it.

12.3.6 The director of finance shall approve procedures for reconciling balances on capital fixed assets accounts in ledgers against balances of capital fixed asset registers.

12.3.7 The value of each capital asset shall be indexed to current values where appropriate and agreed with the auditor.

12.3.8 The value of each capital asset shall be depreciated using methods and rates in accordance with current accounting standards.

12.4 Security of assets

12.4.1 The overall control of fixed assets is the responsibility of the chief executive.

12.4.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments and including donated assets) must be approved by the director of finance's nominated officer. This procedure shall make provision for:

- a) recording managerial responsibility for each asset;
- b) identification of additions and disposals;
- c) identification of all repairs and maintenance expenses;
- d) physical security of assets;

- e) periodic verification of the existence of, condition of, and title to, assets recorded;
- f) identification and reporting of all costs associated with the retention of an asset; and
- g) reporting, recording and safekeeping of cash, cheques, and negotiable instruments

12.4.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the director of finance's nominated officer.

12.4.4 Whilst each 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 instructions.

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

12.4.6 Where practical, assets should be marked as trust property.

13 Stores and receipt of goods

- 13.1 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; and
 - c) valued at the lower of cost and net realisable value
- 13.2 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 an officer by the chief executive. The day-to-day responsibility may be delegated by him to departmental officers and stores managers/keepers, subject to such delegation being entered in a record available to the director of finance.
- 13.3 The responsibility for security arrangements and the custody of keys for all stores and locations shall be clearly defined in writing by the nominated officer. Wherever practicable stocks should be marked as trust property.
- 13.4 The director of finance shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.
- 13.5 Stocktaking arrangements shall be agreed with the director of finance and there shall be a physical check covering all items in store at least once a year.
- 13.6 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the director of finance.
- 13.7 The nominated officer shall be responsible for a system approved by the director of finance for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The nominated officer shall report to the director of finance any evidence of significant overstocking and of any negligence or malpractice (*see also paragraph 14, disposals and condemnations, losses and special payments*). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.
- 13.8 The delivery of receipted goods will be distributed to departments promptly to ensure prompt payments of goods may be undertaken.

14 Disposals and condemnations, losses and special payments

14.1 Disposals and condemnations

- 14.1.1 The director of finance's nominated officer must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers. This SFI should be read in conjunction with the reservation of powers and detailed scheme of delegation and appendix 1 to the SFIs. The trust may not dispose of any protected property without the regulator's consent.
- 14.1.2 When it is decided to dispose of trust assets, the head of department or authorised deputy must approach the procurement department to determine and advise the director of finance's nominated officer of the estimated market value of the item, taking account of professional advice where appropriate, and the recommended disposal mechanism to adopt (including whether competitive bids should be sought) in order to ensure best value is achieved.
- 14.1.3 Where any item of equipment is disposed of by the trust, the trust shall take all reasonable steps to ensure that it minimises its risk of any claim against the trust under product liability legislation (including taking professional advice where necessary) including ensuring that:
- a) the item of equipment is safe, complies with all applicable regulations and has been properly maintained by the trust;
 - b) that any defects are brought to the recipients attention before transfer and that the recipient has the opportunity to inspect the equipment before transfer;
 - c) that the manufacturer's instructions for the use and maintenance of the equipment are transferred to the recipient; and
- 14.1.4 No officer shall transfer any equipment to a consumer without the prior authority of the director of finance.
- 14.1.5 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's nominated officer 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
- 14.1.6 The condemning officer shall satisfy himself as to whether or not there is evidence of negligence in use and shall report any such evidence to the director of finance's nominated officer who will take the appropriate action.

14.2 Losses and special payments

- 14.2.1 The director of finance's nominated officer 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 policy and response plan' that sets out the action to be taken by both persons detecting a suspected fraud and those persons responsible for investigating it.
- 14.2.2 An employee discovering or suspecting a loss of any kind must immediately inform their head of department, the head of internal audit, the local counter fraud specialist or, if no other route is appropriate, the chief executive. The head of department or the head of internal audit must immediately inform the director of finance. If theft or arson is involved, the head of department must inform the police immediately or the security manager. In cases where the speed of response from the police is of the essence, such as a crime in progress, employees may contact the police directly, but must inform, immediately thereafter, their head of department, who must then inform the director of finance promptly. Out of office hours, if the head of department is not on duty, the most senior manager on site should be contacted.
- 14.2.3 The director of finance's nominated officer must notify the department of health directorate of counter fraud & security management service, the external auditor and local counter fraud office of all frauds.
- 14.2.4 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except where such losses are deemed in the reasonable opinion of the director of finance to be trivial, the director of finance must immediately notify:
- a) the audit committee
 - b) the board, and
 - c) the external auditor
- 14.2.5 All losses over £5,000 shall be reported to the audit committee.
- 14.2.6 The director of finance's nominated officer shall be authorised to take any necessary steps to safeguard the trust's interest in bankruptcies and company liquidations.
- 14.2.7 For any loss, the director of finance's nominated officer should consider whether any insurance claim could be made.
- 14.2.8 The director of finance shall maintain a losses and special payments register in which write off action is recorded.
- 14.2.9 No special payments exceeding delegated limits shall be made without the prior approval of the regulator.

15 Information technology

- 15.1 The director of finance, who is responsible for the accuracy and security of the computerised financial data of the trust, shall:
- a) be responsible for ensuring the design, implementation and documentation of effective information systems both financial and administrative
 - b) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the trust's data, programs and computer hardware for which he is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998
 - c) 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
 - d) ensure that adequate controls exist such that the operation of the computer system is separated and safeguarded from development, maintenance and amendment activities.
 - e) ensure that an adequate management (audit) trail exists through the computer system and that regular computer audit reviews are carried out; and
 - f) ensure that adequate controls exist over the usage of the internet/NHS net in the trust
- 15.2 The director of finance shall satisfy him/herself that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation.
- 15.3 In the case of computer systems which are proposed general applications all responsible directors and officers 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
- 15.4 The director of finance shall ensure that contracts for computer services for financial applications with another NHS 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.

- 15.5 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.
- 15.6 Where computer systems have an impact on corporate financial systems, the director of finance shall satisfy him/herself that:
- a) systems acquisition, development and maintenance are in line with corporate policies such as an information technology strategy;
 - b) data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists;
 - c) director of finance staff have access to such data; and
 - d) such computer audit reviews are carried out as are considered necessary

16 Patients' property

- 16.1 The trust has a responsibility to provide safe custody for money and other personal property (hereafter in this SFI 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.
- 16.2 The chief executive is responsible for ensuring that patients or their guardians, as appropriate, are informed before or at admission by:
- a) notices and information booklets;
 - b) hospital admission documentation and property records; and
 - d) 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 trust premises, unless it is handed in for safe custody and a copy of an official patients' property record is obtained as a receipt”.
- 16.3 The director of finance must provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients' property (including instructions on the disposal of the property of deceased patients and of patients transferred to other premises) for all officers whose duty is to administer, in any way, the property of patients. Due care should be exercised in the management of a patient's money in order to maximise the benefits to the patient. .
- 16.4 Where relevant guidance requires the opening of separate accounts for patients' moneys, these shall be opened and operated under arrangements agreed by the director of finance.
- 16.5 In all cases where property of a deceased patient is of a total value in excess of £5,000

(or such other amount as may be prescribed by any amendment to the Administration of Estates (Small Payments) Act 1965), the production of probate or letters of administration shall be required before any of the property is released. Where the total value of property is £5,000 or less, forms of indemnity shall be obtained.

- 16.6 Staff should be informed, on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.
- 16.7 Where patients' property or income is received for specific purpose keeping the property or income shall be used only for that purpose, unless any variation is approved by the donor or patient in writing.

17 Funds held on trust

17.1 Introduction

17.1.1 The discharge of this body's corporate trustee responsibilities are distinct from its responsibilities for funding derived from exchequer funds and may not necessarily be discharged in the same manner, but there must still be adherence to the overriding general principles of financial regularity, prudence and probity. The director of finance shall ensure that the organisation's charitable funds are managed appropriately with regard to the terms of declaration of trust and appropriate legislation.

17.1.2 This section 17 of the SFIs shall be interpreted and applied in conjunction with the rest of the instructions, subject to modifications contained herein.

17.1.3 The board hereby nominates the director of finance to have primary responsibility to the board for ensuring that these SFIs are applied and where appropriate, closely liaise with the board's legal adviser.

17.2 Administration of the charitable funds

17.2.1 The director of finance will arrange for the proper administration of charitable funds in accordance with their respective terms of trust and ensure that accounting records are kept in a way which identifies separately the different categories of fund between unrestricted funds, restricted funds and endowment funds and complied with charities legislation.

17.2.2 The director of finance will produce detailed codes of procedure covering every aspect of the financial management of funds held on trust, for the guidance of directors and employees.

17.2.3 The director of finance shall periodically review the funds in existence and shall make recommendations to the charitable funds committee which in turn shall make recommendations to the board regarding the potential for rationalisation of such funds as permitted by the declarations of trust and charities legislation.

17.2.4 The director of finance may recommend that additional funds be established where this is consistent with this body's policy for ensuring the safe and appropriate management of funds e.g. Designation for specific wards or departments or the creation of restricted funds to meet the restricted purpose of a donation.

17.3 Income

17.3.1 In respect of donations, the director of finance shall:

- a) provide guidelines to officers of this body as to how to proceed when offered

funds. These to include:

- i) the identification of the donor's intentions
 - ii) where possible, the avoidance of new restricted purpose funds
 - iii) the avoidance of impossible, undesirable or administratively difficult objects
 - iv) sources of immediate further advice; and
 - v) treatment of offers for personal gifts
- b) provide secure and appropriate receipting arrangements which shall indicate the funds have been accepted directly into this body's charitable funds and that the donor's intentions have been noted and accepted

17.3.2 In respect of legacies and bequests, the director of finance shall:-

- a) provide guidelines to officers of the trust regarding the receipt of funds/other assets from executors
- b) where necessary, obtain grant of probate, or make application for grant of letters of administration, where the trust is the beneficiary
- c) be empowered, on behalf of the trust, to negotiate arrangements regarding the administration of a will with executors and to discharge them from their duty; and
- d) be directly responsible for the appropriate treatment of all legacies and bequests

17.3.3 In respect of trading income the director of finance shall:

- a) be primarily responsible, along with other designated officers, for any trading undertaken by the trust as corporate trustee; and
- b) be primarily responsible for the appropriate treatment of all funds received from this source

17.3.4 In respect of investment income, the director of finance shall be responsible for the appropriate treatment of all dividends, interest and other receipts associated with funds held on trust by the trust as corporate trustee. (see investment management section below).

17.4 Fund raising

17.4.1 The director of finance shall:

- a) in respect of legacies and bequests, provide guidelines to officers of the trust covering any approach regarding the wording of wills
- b) after taking appropriate legal and tax advice, deal with all arrangements for fund raising by and/or on behalf of this body and ensure compliance with all statutes and regulations
- c) be empowered to liaise with other organisations/persons raising funds for this body and provide them with an adequate discharge. The chief executive (acting under the instructions of the charitable funds committee) shall be the only officer empowered to give approval for such fund raising subject to the over-riding direction of the board
- d) be responsible for alerting the board to any irregularities regarding the use of the trust's name or its registration numbers
- e) be required to advise the board on the financial implications of any proposal for fund raising activities which the trust as corporate trustee may initiate, sponsor or approve

17.4.2 The trust's policy on fund raising requires that:

- a) all those involved in fund raising, whether members of the public or NHS staff, are clear about the implications of their activities and have agreed them with this body before they commence any appeal to the public, including the action to be taken should the appeal target not be reached
- b) that the public are not misled about any aspect of an appeal; and
- c) that the appeal with which this body is in any way associated is conducted in conformity with all applicable standards

17.5 Investment management

17.5.1 The director of finance shall be responsible for all aspects of the management of the investment of charitable funds. The issues on which he shall be required to provide advice to the charitable funds committee and to the board shall include:

- a) the formulation of investment policy within the powers of the trust under statute and within its governing instruments to meet its requirements with regard to income generation and the enhancement of capital value
- b) the appointment of advisers and funds managers. The director of finance will agree

the terms of such appointments and the written agreements shall be signed by the chief executive

- c) that the use of trust assets shall be appropriately authorised in writing
- d) the review of the performance of fund managers and advisers; and
- e) the reporting of investment performance

17.5.2 All share and stock certificates and property deeds belonging to the trust in its capacity as corporate trustee shall be deposited either with bankers/ investment advisers or their nominee or in a safe, or a compartment within a safe, to which only the director of finance, or his nominated officer, will have access.

17.6 Use of funds

17.6.1 Authorisation of expenditure from charitable funds will be laid down in the trust's the reservation of powers and detailed scheme of delegation

17.6.2 The exercise of the powers laid down in trust's the reservation of powers and detailed scheme of delegation shall be governed by the following considerations:

- a) the objects of the charitable funds;
- b) the availability of liquid funds;
- c) the powers of delegation available to commit resources as detailed in the reservation of powers and detailed scheme of delegation;
- d) use of exchequer funds to discharge charitable fund liabilities, ensuring that any indebtedness to the trustee exchequer funds shall be discharged by charitable funds at the earliest possible time;
- e) that funds are to be spent rather than preserved, subject to the wishes of the donor and the needs of the body and any reserves policy;
- f) the definitions of "charitable purposes" as determined by the charity commission relevant legislation and case law; and in line with the objects of the charity
- g) any restrictions on spending capital.

17.7 Banking services

17.7.1 The director of finance shall advise the board and, with its approval, shall ensure that appropriate banking services are available to this body as corporate trustee.

17.7.2 The trust as corporate trustee shall approve the bank accounts to be used for charitable funds.

17.8 Reporting

- 17.8.1 The director of finance shall ensure that regular reports are made to the board with regard to, inter alia, the receipt of funds, investments and the disposition of resources.
- 17.8.2 The director of finance shall prepare annual accounts in the required manner which shall be submitted to the board within agreed timescales.
- 17.8.3 The director of finance shall prepare an annual trustee's report and the required returns to the charity commission for adoption by the board.
- 17.8.4 The director of finance shall also ensure that regular progress reports are made to the board on each individual provision of funding from the charitable funds and the outcomes delivered.

17.9 Accounting and audit

- 17.9.1 The director of finance shall maintain all financial records to enable the production of reports as above and to the satisfaction of internal and external audit.
- 17.9.2 The director of finance shall liaise with external audit and provide them with all necessary information.

17.10 Administration costs

- 17.10.1 The director of finance shall identify all costs directly incurred in the administration of charitable funds and, in agreement with the board shall charge such costs to the appropriate charitable fund.

17.11 Taxation and excise duty

- 17.11.1 The director of finance shall ensure that the trust's liability as corporate trustee to taxation and VAT is managed appropriately, taking full advantage of available concessions, through the maintenance of appropriate records, the preparation and submission of the required returns and the recovery of deductions at source.

17.12 Use of Charitable Funds Logo

- 17.12.1 A third party must not be allowed to use the name or logo of the charitable funds without first entering into a written license agreement with the trustee of the charitable funds. This agreement, as a minimum, should specify the permitted use of the name and logo

and the duration of the license. The Charitable Funds Committee shall be responsible for agreeing the terms of the license.

17.12.2 A third party user of the charitable funds name and logo must comply with the charitable funds brand policy as issued from time to time by The Charitable Funds Committee which must require all material (in whatever medium) bearing the charitable funds name or logo to be approved by the chief executive before it can be issued or published by the third party.”

18 Acceptance of gifts by staff and other standards of Business Conduct

18.1 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 should follow the guidance contained in the department of health standards of business conduct for NHS staff set out in “Code of Conduct for Directors and employees”.

18.2 The department of health guidance “Standards of Business Conduct” is annexed to these SFIs. It shall be incorporated into these SFIs to the extent that its provisions do not conflict or are not inconsistent with the terms of those SFIs or the Constitution or the reservation of powers and detailed scheme of delegation. Where such conflict or inconsistency exists, the provisions of the SFIs, the Constitution or reservation of powers and the detailed scheme of will prevail.

19 Retention of documents

19.1 The chief executive shall be responsible for maintaining archives for all documents required to be retained in accordance with department of health’s records management code of practice.

19.2 The documents held in archives shall be capable of retrieval by authorised persons.

19.3 Documents held in accordance with all applicable guidance on records management shall only be destroyed at the express instigation of the chief executive, and records shall be maintained of documents so destroyed.

20 Risk management and insurance

20.1 The chief executive will ensure that the trust has a risk management strategy that will be approved and monitored by the board.

20.2 The risk management strategy will include;

- a) a process of identifying and quantifying risks and potential liabilities;
- b) engendering among all levels of staff a positive attitude towards the control of risk;
- c) management processes to ensure all significant risks and potential liabilities

are addressed including effective systems of internal control, cost effective insurance cover and decisions on the acceptable level of retained risk;

- d) contingency plans to offset the impact of adverse events;
- e) audit arrangements including internal audit, clinical audit, health and safety reviews;
- f) arrangements to review the risk management strategy ; and
- g) decision on which risks shall be insured through arrangements with either the NHS litigation authorities pooling schemes or commercial insurers

- 20.3 The existence, integration and evaluation of the above elements will provide a basis to make a statement on the effectiveness of internal control within the annual report and accounts.
- 20.4 The chief executive in consultation with his nominated officer(s) shall be responsible for ensuring adequate insurance cover is affected in accordance with risk management policy approved by the board.
- 20.5 Each officer shall promptly notify the designated officer of all new risks or property under his control, which require to be insured, and of any alterations affecting existing risks or insurances.
- 20.6 The nominated officer shall ascertain the amount of cover required and shall affect such insurances as are necessary to protect the interests of the trust.
- 20.7 The chief executive or his nominated officer shall make all claims arising out of policies of insurance and each officer shall furnish the director of finance immediately with full particulars of any occurrence involving actual or potential loss to the trust and shall furnish an estimate of the probable cost involved.
- 20.8 The director of finance shall ensure that all engineering plant under the trust's control is inspected by the relevant insurance companies within the periods prescribed by legislation.
- 20.9 The value of all assets and risks insured shall be reviewed or index-linked on an annual basis by the nominated officer.
- 20.10 The relevant directors shall decide if the trust will insure through the risk pooling schemes administered by the NHS litigation authority or enter into arrangements with commercial insurers.
- 20.11 Where the risk pooling schemes are used the relevant directors shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The relevant directors shall ensure that documented procedures cover these arrangements.
- 20.12 The risk pooling scheme for trusts requires members to contribute to the settlement of claims (the 'deductible'). The relevant directors shall ensure documented procedures also cover the management of claims and payments below the deductible in each case.

20.13 The relevant directors shall ensure documented procedures cover the management of claims and payments in respect of the arrangements with commercial insurers.

20.14 The trust may purchase and maintain insurance against this liability for its own benefit and for the benefit of members of the council and the board and the secretary.

21 Expenses, travel and subsistence

The trust accepts that business travel is an integral part of work for many of our staff and the right that reasonable travelling expenses incurred should be reimbursed. All staff business travel should be booked through the staff travel coordinator (refer to the staff travel booking form and the expenses, travel and subsistence policy)

Reimbursement to the chairman and the non-executive directors for their travel to and from the trust is the responsibility of the director of finance.

The board will approve the level of expenses to be funded from both charitable funds and exchequer funds

The following principles will apply: -

- a) expenses must be moderate and reasonable
- b) claims will not be eligible for alcohol
- c) all claims must be made on the electronic ePay system, checked and authorised by a signatory or nominated officer and must be submitted within three months of the claim period.
- d) authorisers of expenses and salaries in the ePay system, that do not have a financial limit for other trust operational activities, must complete a letter of delegation (Appendix3)
- e) all expense claims must be supported by a properly itemised receipt which provides sufficient detail to substantiate the claim. In the case of travel associated with courses and conferences etc. evidence of attendance will be expected. Payment will only be made for individuals in addition to the claimant, where there is a clear and direct working relationship and approved by the director of finance.
- f) relocation expenses as specified in the Trust relocation and removal policy
- g) expense claims over 90 days will require further approval, refer to the Detailed Scheme of Delegation

22 Hospitality

Please refer to the code of conduct Appendix 2 and scheme of delegation section 22

23 Consultation

- 23.1 The trust's legal duties of consultation shall have effect as if incorporated into these the Constitution.
- 23.2 The trust should take into account the legal duties of consultation that are applicable to the trust when considering any changes to service provision at an early stage and seek advice where necessary.
- 23.3 National Health and Social Care Act 2012 sets out the trust's duty, as respects health services for which it is responsible, that persons to whom those services are being or may be provided or, directly or through representatives, included in and consulted on;
- a) the planning of the provision of those services;
 - b) the development and consideration of proposals for changes in the way those services are provided; and
 - c) decisions to be made by that body affecting the operation of those services.
- 23.4 Regulation 4A of the Local Authority (Overview and Scrutiny Committees Health Scrutiny Functions) Regulations 2002 sets out that the trust need to consult with the Overview and Scrutiny Committee of a Local Authority where
- a) the trust proposes to make an application to the regulator to vary the terms of its authorisation; and
 - b) that application, if successful, would result in a substantial variation of the provision by the trust of protected goods or services in the area of that local authority.

Appendix 1

1. QUOTATIONS, TENDERING AND CONTRACTING PROCEDURE

1.1 Duty to comply with the Constitution and SFIs

The procedure for making all contracts by or on behalf of the trust shall comply with the Constitution and SFIs and the commercial framework (except where the constitution 4.8 (contained in Annex 8 of the constitution of the trust) is applied)

1.2 Legislation and Guidance Governing Public Procurement

The trust shall comply with the Public Contracts Regulations 2006 and any relevant EC Directives and all requirements binding on the trust derived from the EU Treaty relating to procurement by the trust relating to the processes to be applied when awarding all forms of contract. Such legislation shall be incorporated into the Constitution and SFIs

1.3 Reverse eAuctions

The trust shall review the use of Reverse eAuctions. Any use of Reverse eAuctions shall be in accordance with policies and procedures in place for the control of all the tendering activity carried out through Reverse eAuctions

1.4 Capital Investment

The trust shall comply as far as is practicable with the requirements of the guidance published on capital investment and Protection of Assets – Guidance for NHSFTs in respect of capital investment and estate and property transactions.

1.5 Written Quotations and Formal Competitive Tendering

1.5.1 General Applicability

Subject to paragraph 1.5.3 and 1.12 of this appendix below the trust shall ensure that quotations are requested or competitive tenders are invited for:

- a) the supply of goods, materials and manufactured articles;
- b) the rendering of services including all forms of management consultancy services;
- c) the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens;
- d) disposals of any tangible or intangible property (including equipment, land and intellectual property);

1.5.2 Health Care Services (and other services outlined as Part B Services)

Where the trust has a requirement to procure healthcare services (and/or other services classed as Part B services for the purposes of the Public Contracts Regulations 2006) (whether by way of sub-contract or otherwise) the Trust shall consider its duties under the EU Treaty and whether such service requirement should be advertised.

Where the trust considers that the circumstances require it to advertise for the supply of healthcare services (and/or other services classed as Part B services for the purposes

of the Public Contracts Regulations 2006), the Constitution and SFIs shall apply as far as they are applicable to the tendering procedure although at all times the trust should consider its duties under paragraph 1.2 of this appendix above.

1.5.3 Exceptions and instances where a minimum of 3 written quotations need not be obtained or formal tendering need not be applied

A minimum of 3 written quotations **need not be obtained** where:

- (a) the estimated expenditure or income does not, or is not reasonably expected to, exceed £10,000 (excluding VAT) (such amount to be reviewed annually by the board)

Formal tendering procedures need not be applied where

- (b) the estimated expenditure or income does not or is not expected to exceed £50,000 (excluding VAT) (such amount to be reviewed annually by the board

A minimum of 3 written quotations need not be obtained or formal tendering procedures need not be applied where

- (c) the supply can be obtained under a framework agreement that has itself been procured in compliance with the duties set out at paragraph 1.2 of this appendix above and where the trust is entitled to access such framework agreement;
- (d) where under SFI 14, in the case of disposal of assets, formal tendering procedures are not always required;
- (e) where the requirement is covered by an existing contract
- (f) 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 including the trust;
- (g) where 3 or more requests for quotations/tenders are issued and less than 3 responses are received

subject to the duties at paragraph 1.1 and 1.2 of this appendix above (and to obtaining appropriate advice from the trust's procurement department and where considered necessary external professional advice) for estimated expenditure or income exceeding £10,000 but below the European threshold, the need to obtain a minimum of 3 written quotations or undertake formal tendering procedures may be waived in the following circumstances:

- (h) in 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;
- (i) where the timescale genuinely precludes competitive tendering. However, failure to plan the work properly may not be regarded as a justification for a single tender;
- (j) where specialist goods/service or expertise is required and can be demonstrated to be available from only one source, this will include the provision of maintenance services licenses membership and subscriptions.

- (k) where the requirement is for equipment which has been approved by the Medical Devices and Procurement Committee as trust standard and detailed on the “Trust standard list”
- (l) where the requirement is essential to complete or maintain continuity with an earlier project, and engaging with an alternative provider for the additional/associated work or task would be impracticable;
- (m) where there are a limited number of suppliers in the market and it is not possible to request a minimum of 3 written quotations or tenders
- (n) for the provision of legal advice and services providing that any legal firm for England or Wales for the conduct of their business (or by the Bar Council for England and Wales in relation to the obtaining of Counsel’s opinion) and are generally recognised as having sufficient expertise in the area of work for which they are commissioned.

The director of finance will ensure that any fees paid are reasonable and within commonly accepted rates for the costing of such work.

The waiving of formal tendering procedures should not be used to avoid competition or for administrative convenience or to award further work to a supplier or consultant originally appointed through a competitive procedure.

Where it is decided that obtaining a minimum of 3 written quotations or formal tendering is not applicable and should be waived, in accordance with (h) to (n) above, the fact of the waiver and the reasons, should be documented and recorded in an appropriate trust record and reported to the Audit Committee at the next meeting scheduled to consider the waiver of requirements to tender formally. For this purpose, the completion of a waiver must be undertaken. The Audit Committee shall consider such waivers at alternate meetings.

1.5.4 Fair transparent and Adequate Competition

Except where the exceptions set out at paragraph 1.5.3 of this appendix apply and permit the use of a single tender action, the trust shall ensure that for all invitations to tender whether regulated by the Public Contracts Regulators 2006 or not that the tender process adopted is fair and transparent and is considered in a fair and transparent manner. Where a tender process is conducted the trust shall, in order to assure that best value is obtained, invite tenders from a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and in no case less than three firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.

1.5.5 List of Approved Firms

Where the trust is satisfied under its duties at paragraph 1.2 of this appendix above that an open tender process is not necessary the trust shall ensure that the firms/individuals invited to tender (and where appropriate, quote) are among those on approved lists (if such a list is maintained by the trust or accredited body for such goods, services or works). Where in the opinion of the director of finance it is desirable to seek tenders from firms not on the approved lists in such circumstances, the reason shall be recorded in writing to the chief executive (see paragraph 1.6.9 of this appendix below List of Approved Firms).

1.5.6 Items which subsequently breach thresholds after original approval

Items estimated to be below the limits set in this SFIs for which formal tendering procedures are not used which subsequently prove to have a value above such limits shall be reported to the chief executive, and be recorded in an appropriate trust record.

1.5.7 Items which subsequently breach original contract approval amount (below EU threshold)

If following approval of a contract award the contract value needs to increase by 50% or more, then approval will need to be obtained by the original approval process for the excess amount.

1.5.8 Increases to the original contract value which take the contract value above the EU threshold, advice must be sought from the procurement department before submission to determine which approval process needs to be followed.

1.5.9 Items which subsequently breach original contract amount (above EU threshold)

If following a contract award approval, the contract value needs to increase by 50% or more, then approval will need to be obtained by the original approval process for the excess amount. Advice must be sought from the procurement department as this may require a retendering exercise.

1.6 Contracting/Tendering Procedure

1.6.1 General position on tenders

- a) Except where the exceptions set out in paragraph 1.5.3 of this appendix above apply a minimum of (3) three invitations to tenders are to be invited where the intended expenditure or income is reasonably expected to be £50,000 (excluding VAT) or above but is not reasonably expected to exceed the European threshold (excluding VAT)
- b) Tenders should be obtained from at least (3) firms/individuals based on specifications or terms of reference prepared by, or on behalf of, the trust
- c) The Trust has adopted the e-tendering system with the aim of issuing and receiving all tenders electronically.

1.6.2 Invitation to tender

- a) All invitations to tender shall state the date and time that is the latest time for the receipt of tenders.
- b) All invitations to tender shall state that no tender will be accepted unless:

- i) submitted electronically using the e-tendering system, or
 - ii) submitted in a plain sealed package or envelope bearing a pre-printed label supplied by the trust (or the word "tender" followed by the tender reference and the subject to which it relates) and the latest date and time for the receipt of such tender addressed to the chief executive or nominated manager. Any such tender envelopes/ packages shall not bear any names or marks indicating the sender. The use of courier/postal services must not identify the sender on the envelope or on any receipt so required by the deliverer.
- c) Every tender for goods, materials, services or disposals shall contain and comprise appropriate terms and conditions regulating the conduct of the tender and shall contain appropriate terms and conditions on which the contract is to be awarded and shall be substantively based to regulate the provision of the goods, materials, services to be provided or in relation to the disposal.
- d) Every tender for building or engineering works (except for maintenance work, when Estmancode guidance shall be followed) shall contain terms and conditions on which the contract to be awarded shall be substantively based that shall embody or be in the terms of the current edition of a suitable and recognised industry form of contract including but not limited to one of the Joint Contracts Tribunal Standard Forms of Building Contract or the NEC standard forms of contract or Department of the Environment (GC/Wks) Standard forms of contract; or, when the content of the work is primarily engineering, the General Conditions of Contract recommended by the Institution of Mechanical and Electrical Engineers and the Association of Consulting Engineers (Form A), or (in the case of civil engineering work) the General Conditions of Contract recommended by the Institute of Civil Engineers, the Association of Consulting Engineers and the Federation of Civil Engineering Contractors. These documents may be modified (in minor respects only), to cover special features of individual projects.

1.6.3 Receipt and safe custody of tenders

a) Hard copy tenders

The chief executive or his nominated officer will be responsible for the receipt, endorsement and safe custody of tenders received until the time appointed for their opening.

The date and time of receipt of each tender shall be endorsed by the chief executive or his nominated officer on the tender envelope/package.

b) Electronic tenders

Tenders will be held and locked electronically until the time and date allocated for opening.

1.6.4 Opening tenders and Register of tenders

a) Hard copy tenders

- i) As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, every tender received shall be opened by two senior officers/managers designated by the chief executive. Such nominated officers should not be from the originating department.

- ii) A member of the board will be required to be one of the two approved persons present for the opening of tenders estimated above £100,000 (excluding VAT). The rules relating to the opening of tenders will need to be read in conjunction with any delegated authority set out in the reservation of powers and detailed scheme of delegation document.
- iii) The 'originating' department will be taken to mean the department sponsoring or commissioning the tender
- iv) The involvement of Finance Directorate staff in the preparation of a tender proposal will not preclude the director of finance or any approved senior manager from the Finance Directorate from serving as one of the two senior managers to open tenders.
- v) All executive directors will be authorised to open tenders regardless of whether they are from the originating department provided that the other authorised person opening the tenders with them is not from the originating department.

The secretary will count as a director for the purposes of opening tenders.

- vi) Every tender received shall be marked with the date of opening and initialed by those present at the opening.
- vii) A register shall be maintained by the chief executive, or a person authorised by him, to show for each set of competitive tender invitations dispatched:
 - the name of all firms/individuals invited;
 - the names of firms/individuals from which tenders have been received;
 - the date the tenders were opened;
 - the persons present at the opening;
 - the price shown on each tender;
 - a note where price alterations have been made on the tender.
 - Each entry to this register shall be signed by those present.

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

- viii) Incomplete tenders, i.e. those from which information necessary for evaluation 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, but prior to the opening of other tenders may at the discretion of the Chief Executive or his nominated officer be rejected, provided that the terms and conditions applicable to such tender process permit such rejection.

b) Electronic tenders

- i) The chief executive will designate and agree a list of officers including the commercial team, who will be able to access the electronic tenders and release them once the sealed date and time has passed. This list will exclude the originating manager.
- ii) A full electronic record of the tenders received will be available in accordance with the agreed parameters of the system.

1.6.5 Admissibility of Tenders

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

1.6.6 Late tenders

- a) Tenders received after the due time and date, but prior to the opening of the other tenders, may be considered only if the chief executive or his nominated officer decides that there are exceptional circumstances, for example a tender dispatched in good time but delayed through no fault of the tenderer.
- b) Only in the most exceptional circumstances will a tender be considered which is received after the opening of the other tenders and only then if the tenders that have been duly opened have not left the custody of the chief executive or his nominated officer or if the process of evaluation has not started.
- c) While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential, recorded, and held in safe custody by the chief executive or his nominated officer.

1.6.7 Acceptance of formal tenders

- a) Any discussions with a tenderer which are deemed necessary to clarify technical aspects of his tender before the award of a contract will not disqualify the tender.
- b) The trust shall accept the most economically advantageous tender unless there are good and sufficient reasons to the contrary. Such reasons shall be set out in either the contract file, or other appropriate record.

It is accepted that for professional services such as management consultancy, the lowest price does not always represent the best value for money. Other factors affecting the success of a project include:

- i) experience and qualifications of team members;
- ii) understanding of client's needs;
- iii) feasibility and credibility of proposed approach
- iv) ability to complete the project on time.

The factors taken into account in selecting a tenderer must be clearly recorded and documented in the contract file, and the reason(s) for not accepting the lowest priced tender (if payment is to be made by the trust) or the highest (if payment is to be received by the trust) clearly stated.

- c) No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the trust and which is not in accordance with these Instructions except with the authorisation of the chief executive or director of finance

- d) Variation to contract must follow the business case and tender award approval process.
- e) The use of these procedures must demonstrate that the award of the contract was:
 - i) not in excess of the going market rate price current at the time the contract was awarded;
 - ii) that best value for money was achieved.
- f) All tenders should be treated as confidential and should be retained for inspection.

1.6.8 Tender reports to the board

Will be reported to the board

1.6.9 List of approved firms

(a) Responsibility for maintaining list

- (i) A manager nominated by the chief executive shall on behalf of the trust maintain lists of approved firms from whom where permitted under paragraph 1.5.5 above tenders and quotations may be invited. Where such an approved list is used, it must be kept under frequent review and updated at not less than 6 monthly intervals. The lists shall include all firms who have applied for permission to tender and as to whose technical competence and financial stability the trust is satisfied.
- (ii) Where a firm is included on an approved list of tenderers, the trust shall as a condition for inclusion ensure that the trust is satisfied that when engaging, training, promoting or dismissing employees or in any conditions of employment, that such firm shall not discriminate against any person because of colour, race, ethnic or national origins, religion or belief, age, disability, marital status or sex, and will comply with all relevant legislation including but not limited to the provisions of the Equal Pay Act 1970, the Sex Discrimination Act 1975, the Race Relations Act 1976, Disability Discrimination Act 1995, the Employment Equality (Age) Regulations 2006 the Race Relations (Amendment) Act 2000 and any amending and/or related legislation or binding guidance.
- (iii) Where a firm is included on an approved list of tenderers the trust shall ensure that the trust is satisfied that such firm conforms with the requirements of the Health and Safety at Work Act 1974 the Regulatory Reform (Fire Safety) Order and any amending and/or other related legislation concerned with fire, the health, safety and welfare of workers and other persons, and to any relevant British Standard Code of Practice issued by the British Standard Institution. As part of any process to identify or review firms for an approved list firms must provide to the appropriate manager a copy of its health and safety policy, risk assessments, safe systems at work, together with any licenses for other statutory authorities or approvals and evidence of the safety of plant and equipment, when requested.

(b) Building and Engineering Construction Works

- (i) Where permitted under paragraph 1.5.5 of this appendix above invitations to tender shall be made only to firms included on the approved list of tenders

compiled in accordance with this paragraph 1.6.8 or on the separate maintenance list compiled by an accredited body certified as such by the director of finance or a list compiled in accordance with Estmancode guidance.

(c) **Financial Standing and Technical Competence of Contractors**

The director of finance may make or institute any enquiries he deems appropriate concerning the financial standing and financial suitability of approved contractors. The director with lead responsibility for clinical governance will similarly make such enquiries as is felt appropriate to be satisfied as to their technical / medical competence.

1.7 Quotations

1.7.1 General position on quotations

Except where the exceptions set out at paragraph 1.5.3 of this appendix above apply a minimum of three (3) written quotations are required where formal tendering procedures are not adopted and where the intended expenditure or income exceeds, or is reasonably expected to be £10,000 (excluding VAT) or above but is not reasonably expected to exceed £50,000 (excluding VAT).

1.7.2 Quotations

- a) Quotations should be obtained from at least three (3) firms/individuals based on specifications or terms of reference prepared by, or on behalf of, the trust.
- b) All quotations for any requirement estimated to be £10,000 (excluding VAT) or above should be in writing unless the chief executive or his nominated officer determines that it is impractical to do so in which case quotations may be obtained verbally. Confirmation of verbal quotations should be obtained as soon as possible and the reasons why, a verbal quotation was obtained should be set out in a permanent record.
- c) All quotations should be treated as confidential and should be retained for inspection.
- d) The chief executive or his nominated officer should evaluate the quotation and select the quote which gives the best value for money. If this is not the lowest quotation if payment is to be made by the trust, or the highest if payment is to be received by the trust, then the choice made and the reasons why should be recorded in a permanent record.

1.7.3 Quotations to be within financial limits

No quotation shall be accepted which will commit expenditure in excess of that which has been allocated by the trust and which is not in accordance with SFIs or the relevant delegation in the reservation of powers and detailed scheme of delegation except with the authorisation of either the chief executive or director of finance.

1.8 Authorisation of Tenders and Competitive Quotations

Providing all the conditions and circumstances set out in these SFIs have been fully complied with, formal authorisation and awarding of a contract will be as set out in the reservation of powers and detailed scheme of delegation.

Formal authorisation must be put in writing. In the case of authorisation by the board this shall be recorded in their minutes.

1.9 Private Finance for capital procurement (see overlap with SFI 12)

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

- (a) The chief executive shall demonstrate that the use of private finance represents value for money as against a public sector comparator and genuinely transfers risk to the private sector;
- (b) The trust must seek all applicable approvals and the requirements of all guidance by the regulator including Risk Evaluation for Investment Decisions by NHS Foundation Trusts;
- (c) The proposal must be specifically agreed by the board; and
- (d) The selection of a contractor/finance company must be based on competitive tendering or quotations compliant with the duties set out at paragraph 1.2 of this appendix above.

1.10 Compliance requirements for all contracts

The board may only enter into contracts on behalf of the trust within the statutory powers of the trust.

1.11 Personnel and Agency or Temporary Staff Contracts

The chief executive shall nominate officers with delegated authority to enter into contracts of employment, regarding staff, agency staff or temporary staff service contracts.

1.12 Disposals

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

- a) any matter in respect of which best value can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the chief executive or his nominated officer;
- b) obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy of the trust;
- c) items to be disposed of with an estimated sale value of less than £1,000, this figure to be reviewed on a periodic basis;

1.13 In-house Services

1.13.1 The chief executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis. The trust may also determine from time to time that in-house services should be benchmarked or market tested by competitive tendering.

1.13.2 In all cases where the board determines that in-house services should be subject to competitive tendering the following groups shall be set up:

- a) Specification group, comprising the chief executive or nominated officer/s and a relevant specialist in that field.
- b) In-house tender group, comprising a nominee of the chief executive and technical support.
- c) Evaluation team, comprising normally a specialist officer, a supplies officer and a director of finance representative. For services having a likely annual expenditure exceeding £100,000, an executive or non-executive director should be a member of the evaluation team.

1.13.3 All groups should work independently of each other and individual officers may be a member of more than one group but no member of the in-house tender group may participate in the evaluation of term.

1.13.4 The evaluation team shall make recommendations to the board following any benchmarking process or a market testing exercise carried out pursuant to paragraph 1.2 above.

1.13.5 The chief executive shall nominate an officer to oversee any market testing or benchmarking exercise including an in-house bid on behalf of the trust.

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

Appendix 2

January 2012

Code of Conduct for Directors and Employees

For NHS staff

Appendix 3 – Letter below

Letter 1 - Delegated Responsibilities for nominated officers

Letter 2- Delegated Responsibilities in periods of absence

Letter 3 – Delegated ePay authorisation



Wilmslow Road
Manchester
M20 4BX

Direct tel: 0161 446 8447
Switchboard tel: 0161 446 3000
Email : Suzanne.robinson@christie.nhs.uk
Web: www.christie.nhs.uk

Date

Dear XXXX,

Delegated Responsibilities for nominated officer

I hereby formally delegate the following responsibilities with immediate effect.

- Item 1
- Item 2
- Item 3

This is in line with section 1.4 of the Trust Standing Financial Instructions.

Kind regard

XXXXXX

Designation



Wilmslow Road
Manchester
M20 4BX

Direct tel: 0161 446 8447
Switchboard tel: 0161 446 3000
Email : Suzanne.robinson@christie.nhs.uk
Web: www.christie.nhs.uk

Date

Dear XXXX,

Delegated Responsibilities in periods of absence

During any periods of my absence I formally delegate all my responsibilities at XXXXX to you. For clarification 'absence' relates to any period of annual leave or sickness.

This is in line with the Trust Detailed scheme of delegation.

Kind regards

XXXXX

Designation



Wilmslow Road
Manchester
M20 4BX

Direct tel: 0161 446 xxxx
Switchboard tel: 0161 446 3000
Email : first.second@christie.nhs.uk
Web: www.christie.nhs.uk

Date

To the Head of Financial Systems

Delegated Responsibilities for nominated officer for ePay

As an authorised signatory from Level 1 - 3 (a) identified in the Scheme of Delegation, I hereby formally delegate to INSERT NAME OF NOMINEE with immediate effect, to act as an authorising officer for the approvals of expenses and salaries through the ePay system.

I have the assurance that;

- The approval process for salary enhancements outside of ePay will satisfy audits requirements and be checked and approved by an authorised signatory before submission to ePay.
- The nominee has completed ePay training and has the technical competence and understanding that each ePay entry must be checked before approval of each submission.

This is in line with section 1.4 of the Trust Standing Financial Instructions.

Kind regard

print name

sign name

position

Appendix 4

January 1993

Standards of Business conduct

For NHS staff

Part A

Prevention of corruption acts 1906 and 1916 - summary of main provisions

Acceptance of gifts by way of inducements or rewards

1. Under the prevention of corruption acts, 1906 and 1916, it is an offence for employees corruptly to accept any gifts or consideration as an inducement or reward for:
 - doing, or refraining from doing, anything in their official capacity; or
 - showing favour or disfavour to any person in their official capacity

- 2 Under the prevention of corruption act 1916, any money, gift or consideration received by an employee in public service from a person or organisation holding or seeking to obtain a contract will be deemed by the courts to have been received corruptly unless the employee proves the contrary.

Part B
Department of Health (DoH) – general guidelines

Introduction

1. These guidelines, which are intended by the DoH to be helpful to all NHS employers (i) and their employees, re-state and reinforce the guiding principles previously set out in circular HM (62) 21 (now cancelled), relating to the conduct of business in the NHS.

Responsibility of NHS employers

- 2 NHS employers are responsible for ensuring that these guidelines are brought to the attention of all employees; also that machinery is put in place for ensuring that they are effectively implemented.

Responsibility of NHS staff

- 3 It is the responsibility of staff to ensure that they are not placed in a position which risks, or appears to risk, conflict between their private interests and their NHS duties. This primary responsibility applies to *all NHS staff*, i.e. Those who commit NHS resources directly (e.g. By the ordering of goods) or those who do so indirectly (e.g. By the prescribing of medicines). A further example would be staff who may have an interest in a private nursing home and who are involved with the discharge of patients to residential facilities.

Guiding principle in conduct of public business

- 4 It is a long established principle that public sector bodies, which include the NHS, must be impartial and honest in the conduct of their business, and that their employees should remain beyond suspicion. It is also an offence under the prevention of corruption acts 1906 and 1916 for an employee corruptly to accept any inducement or reward for doing, or refraining from doing anything, in his or her official capacity, or corruptly showing favour, or disfavour, in the handling of contracts (see part a).

Staff will need to be aware that a breach of the provisions of these acts renders them liable to prosecution and may lead to loss of their employment and superannuation rights in the NHS.

Principles of conduct in the NHS

- 5 NHS staff is expected to:
 - ensure that the interest of patients remains paramount at all times;
 - be impartial and honest in the conduct of their official business;
 - use the public funds entrusted to them to the best advantage of the service, always ensuring value for money

- 6 It is also the responsibility of staff to ensure that they do **not**:
- abuse their official position for personal gain or to benefit their family or friends;

 - seek to advantage or further private business or other interests, in the course of their official duties

Implementing the guiding principles

Casual gifts

- 7 Casual gifts offered by contractors or others, e.g. At Christmas time, may not be in any way connected with the performance of duties so as to constitute an offence under the prevention of corruption acts. Such gifts should nevertheless be politely but firmly declined. Articles of low intrinsic value such as diaries or calendars, or small tokens of gratitude from patients or their relatives, need not necessarily be refused. In cases of doubt staff should either consult their line manager or politely decline acceptance.

Hospitality

- 8 Modest hospitality provided it is normal and reasonable in the circumstances, e.g. Lunches in the course of working visits, may be acceptable, though it should be similar to the scale of hospitality which the NHS as an employer would be likely to offer.
- 9 Staff should decline all other offers of gifts, hospitality or entertainment. If in doubt they should seek advice from their line manager.

Declaration of interests

- 10 NHS employers need to be aware of all cases where an employee, or his or her close relative or associate, has a controlling and/or significant financial interest in a business (including a private company, public sector organisation, other NHS employer and/or voluntary organisation), or in any other activity or pursuit, which may compete for an NHS contract to supply either goods or services to the employing authority.
- 11 All NHS staff should therefore declare such interests to their employer, either on starting employment or on acquisition of the interest, in order that it may be known to and in no way promoted to the detriment of either the employing authority or the patients whom it serves.
- 12 One particular area of potential conflict of interest that may directly affect patients is when NHS staff holds a self-beneficial interest in private care homes or hostels. While it is for staff to declare such interests to their employing authority, the employing authority has a responsibility to introduce whatever measures it considers necessary to ensure that its interests and those of patients are adequately safeguarded. This may for example take the form of a contractual obligation on staff to declare any such interests. Advice on professional conduct issued by the general medical council recommends that when a doctor refers a patient to a private care home or hostel in which he or she has an interest, the patient must be

informed of that interest before referral is made.

- 13 In determining what needs to be declared, employers and employees will wish to be guided by the principles set out in paragraph 5 above.
- 14 NHS employers should:
- ensure that staff are aware of their responsibility to declare relevant interests (perhaps by including a clause to this effect in staff contracts)
 - consider keeping registers of all such interests and making them available for inspection by the public
 - develop a local policy, in consultation with staff and local staff interests, for implementing this guidance. This may include the disciplinary action to be taken if an employee fails to declare a relevant interest, or is found to have abused his or her official position, or knowledge, for the purpose of self-benefit, or that of family or friends

Preferential treatment in private transactions

- 15 Individual staff must not seek or accept preferential rates or benefits in kind for private transactions carried out with companies with which they have had, or may have, official dealings on behalf of their NHS employer. (this does not apply to concessionary agreements negotiated with companies by NHS management, or by recognised staff interests on behalf of all staff - for example, NHS staff benefits schemes).

Contracts

- 16 All staff who are in contact with suppliers and contractors (including external consultants), and in particular those who are authorised to sign purchase orders, or place contracts for goods, materials or services, are expected to adhere to professional standards of the kind set out in the ethical code of the chartered institute of purchasing and supply (CIPS), reproduced at part c below.

Favouritism in awarding contracts

- 17 Fair and open competition between prospective contractors or suppliers for NHS contracts is a requirement of the Constitution and of EC directives on public purchasing for works and supplies. This means that:
- no private, public or voluntary organisation or company which may bid for NHS business should be given any advantage over its competitors, such as advance notice of NHS requirements. This applies to all potential contractors, whether or not there is a relationship between them and the NHS employer, such as a long-running series of previous contracts

- each new contract should be awarded solely on merit, taking into account the requirements of the NHS and the ability of the contractors to fulfil them

18 NHS employers should ensure that no special favour is shown to current or former employees or their close relatives or associates in awarding contracts to private or other businesses run by them or employing them in a senior or relevant managerial capacity. Contracts may be awarded to such businesses where they are won in fair competition against other tenders, but scrupulous care must be taken to ensure that the selection process is conducted impartially, and that staff that are known to have a relevant interest play no part in the selection.

Warnings to potential contractors

19 NHS employers will wish to ensure that all invitations to potential contractors to tender for NHS business include a notice warning tenderers of the consequences of engaging in any corrupt practices involving employees of public bodies.

Outside employment

20 NHS employees are advised not to engage in outside employment that may conflict with their NHS work, or be detrimental to it.

They are advised to tell their NHS employing authority if they think they may be risking a conflict of interest in this area: the NHS employer will be responsible for judging whether the interests of patients could be harmed, in line with the principles in paragraph 5 above. NHS employers may wish to consider the preparation of local guidelines on this subject.

Private practice

21 Consultants (and associate specialists) employed under the terms and conditions of service of hospital medical and dental staff are permitted to carry out private practice in NHS hospitals subject to the conditions outlined in the handbook "a guide to the management of private practice in the NHS". (see also pm (79) 11). Consultants who have signed new contracts with trusts will be subject to the terms applying to private practice in those contracts.

22 Other grades may undertake private practice or work for outside agencies, providing they do not do so within the time they are contracted to the NHS, and they observe the conditions in paragraph 20 above. All hospital doctors are entitled to fees for other work outside their NHS contractual duties under "category 2" (paragraph 37 of the tcs of hospital medical and dental staff), e.g. Examinations and reports for life insurance purposes. Hospital doctors and dentists in training should not undertake locum work outside their contracts where such work would be in breach of their contracted hours. Career grade medical and dental staff employed by NHS trusts may agree terms and conditions different from the national terms and conditions of service.

Rewards for initiative

- 23 NHS employers should ensure that they are in a position to identify potential intellectual property rights (IPR), as and when they arise, so that they can protect and exploit them properly, and thereby ensure that they receive any rewards or benefits (such as royalties) in respect of work commissioned from third parties, or work carried out by their employees in the course of their NHS duties. Most IPR are protected by statute; e.g. Patents are protected under the patents act 1977 and copyright (which includes software programmes) under the copyright designs and patents act 1988. To achieve this NHS employers should build appropriate specifications and provisions into the contractual arrangements that they enter into *before* the work is commissioned, or begins. They should always seek legal advice if in any doubt in specific cases.
- 24 With regard to patents and inventions, in certain defined circumstances the patents act gives *employees a right* to obtain some reward for their efforts, and employers should see that this is affected. Other rewards may be given voluntarily to employees who within the course of their employment have produced innovative work of outstanding benefit to the NHS. Similar rewards should be voluntarily applied to other activities such as giving lectures and publishing books and articles.
- 25 In the case of collaborative research and evaluative exercises with manufacturers, NHS employers should see that they obtain a fair reward for the input they provide. If such an exercise involves additional work for an NHS employee outside that paid for by the NHS employer under his or her contract of employment, arrangements should be made for some share of any rewards or benefits to be passed on to the employee(s) concerned from the collaborating parties. Care should however be taken that involvement in this type of arrangement with a manufacturer does not influence the purchase of other supplies from that manufacturer.

Commercial sponsorship for attendance at courses and conferences

- 26 Acceptance by staff of commercial sponsorship for attendance at relevant conferences and courses is acceptable, but only where the employee seeks permission in advance and the employer is satisfied that acceptance will not compromise purchasing decisions in any way.
- 27 On occasions when NHS employers consider it necessary for staff advising on the purchase of equipment to inspect such equipment in operation in other parts of the country (or exceptionally, overseas), employing authorities will themselves want to consider meeting the cost, so as to avoid putting in jeopardy the integrity of subsequent purchasing decisions.

Commercial sponsorship of posts – “linked deals”

- 28 Pharmaceutical companies, for example, may offer to sponsor, wholly or partially, a post for an employing authority. NHS employers should not enter into such arrangements, unless it has been made abundantly clear to the company concerned that the sponsorship will have no effect on purchasing decisions with the authority. Where such sponsorships accepted, monitoring arrangements should be established to ensure that purchasing decisions are not, in fact, being influenced by the sponsorship agreement.

Under no circumstances should employers agree to “linked deals” whereby sponsorship is linked to the purchase of particular products, or to supply from particular sources.

“Commercial in-confidence”

29 Staff should be particularly careful of using, or making public, internal information of a “commercial in confidence” nature, particularly if its disclosure would prejudice the principle of a purchasing system based on fair competition. This principle applies whether private competitors or other NHS providers are concerned, and whether or not disclosure is prompted by the expectation of personal gain (see paragraphs 16 – 18 above and Part E).

30 However, NHS employers should be careful about adopting a too restrictive view on this matter. It should certainly not be a cause of excessive secrecy on matters which are not strictly commercial per se. For example, the term “commercial in confidence” should not be taken to include information about service delivery and activity levels, which should be publicly available. Nor should it inhibit the free exchange of data for medical audit purposes, for example, subject to the normal rules governing patient confidentiality and data protection. In all circumstances the overriding consideration must be the best interests of patients.

(i) in these guidelines "NHS employer" means all "for action' addressees listed on the title page of HSG (93) 5.

Part C

Action checklist for NHS managers

References are to paragraphs in Part B of “Standards of business conduct for NHS staff” (Annex to HSG(93)5)

You must:

- Ensure that all staff are aware of this guidance (2) and (4);
- Develop a local policy and implement it (2 and 14);
- Show no favouritism in awarding contracts (eg to businesses run by employees, ex-employees or their friends or relatives) (17 – 18);
- Include a warning against corruption in all invitations to tender (19);
- Consider requests from staff for permission to undertake additional outside employment (20);
- Apply the terms of PM(79)11 concerning doctors’ engagements in private practice (21);
- Receive rewards or royalties in respect of work carried out by employees in the course of their NHS work, and ensure that such employees receive due rewards (24);
- Similarly ensure receipt of rewards for collaborative work with manufacturers, and pass on to participating employees (25);
- Ensure that acceptance of commercial sponsorship will not influence or jeopardise purchasing decisions (26-27);
- Refuse “linked deals” whereby sponsorship of staff posts is linked to the purchase of particular products or supply from particular sources (28);
- Avoid excessive secrecy and abuse of the term “commercial in confidence” (30).

Part D
Short guide for staff

References are to paragraphs in Part B of “Standards of business conduct for NHS staff” (Annex to HSG(93)5)

Do:

- Make sure you understand the guidelines on standards of business conduct, and consult your line managers if you are not sure;
- Make sure you are not in a position where your private interests and NHS duties may conflict (3);
- Declare to your employer any relevant interests (10-14). If in doubt, ask yourself:
 - i) am I, or might I be, in a position where I (or my family/friends) could gain from the connexion between my private interests and my employment?
 - ii) do I have access to information which could influence purchasing decisions?
 - iii) could my outside interest be in any way detrimental to the NHS or to patients' interests?
 - iv) do I have any other reason to think I may be risking a conflict of interest?

If still unsure – Declare it!

- Adhere to the ethical code of the Institute of Purchasing and Supply if you are involved in any way with the acquisition of goods and services (16);
- Seek your employer's permission before taking on outside work, if there is any question of it adversely affecting your NHS duties (20). (Special guidance applies to doctors);
- Obtain your employer's permission before accepting any commercial sponsorship (26);

Do not:

- Accept any gifts, inducements or inappropriate hospitality (see 7 – 9);
- Abuse your past or present official position to obtain preferential rates for private deals (15);
- Unfairly advantage one competitor over another (17) or show favouritism in awarding contracts (18);
- Misuse or make available official “commercial in confidence” information (29).

Part E

THE CHARTERED INSTITUTE OF PURCHASING AND SUPPLY

CODE OF CONDUCT

As a member of The Chartered Institute of Purchasing & Supply, I will:

Enhance and protect the standing of the profession, by:

- never engaging in conduct, either professional or personal, which would bring the profession or the Chartered Institute of Purchasing & Supply into disrepute
 - not accepting inducements or gifts (other than any declared gifts of nominal value which have been sanctioned by my employer)
 - not allowing offers of hospitality or those with vested interests to influence, or be perceived to influence, my business decisions
 - being aware that my behaviour outside my professional life may have an effect on how I am perceived as a professional.
-

Maintain the highest standard of integrity in all business relationships, by:

- rejecting any business practice which might reasonably be deemed improper
 - never using my authority or position for my own financial gain
 - declaring to my line manager any personal interest that might affect, or be seen by others to affect, my impartiality in decision making
 - ensuring that the information I give in the course of my work is accurate and not misleading
 - never breaching the confidentiality of information I receive in a professional capacity
 - striving for genuine, fair and transparent competition
 - being truthful about my skills, experience and qualifications.
-

Promote the eradication of unethical business practices, by:

- fostering awareness of human rights, fraud and corruption issues in all my business relationships
 - responsibly managing any business relationships where unethical practices may come to light, and taking appropriate action to report and remedy them
 - undertaking due diligence on appropriate supplier relationships in relation to forced labour (modern slavery) and other human rights abuses, fraud and corruption
 - continually developing my knowledge of forced labour (modern slavery), human rights, fraud and corruption issues, and applying this in my professional life
-

Enhance the proficiency and stature of the profession, by:

- continually developing and applying knowledge to increase my personal skills and those of the organisation I work for
 - fostering the highest standards of professional competence amongst those for whom I am responsible
 - optimising the responsible use of resources which I have influence over for the benefit of my organisation
-

Ensure full compliance with laws and regulations, by:

- adhering to the laws of countries in which I practise, and in countries where there is no relevant law in place I will apply the standards inherent in this Code
 - fulfilling agreed contractual obligations
 - following CIPS guidance on professional practice
-

The new code was approved by the CIPS Global Board of Trustees in September 2013.