

## **STANDING FINANCIAL INSTRUCTIONS, MATTERS RESERVED FOR THE BOARD AND SCHEME OF DELEGATION**

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# **ROYAL DEVON AND EXETER NHS FOUNDATION TRUST**

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# Contents

<b>Section 1 – STANDING FINANCIAL INSTRUCTIONS</b> .....	<b>6</b>
1. INTRODUCTION.....	6
1.1 General.....	6
1.2 Terminology.....	6
1.3 Responsibilities and delegation.....	7
2 AUDIT .....	9
2.1 Audit Committee .....	9
2.2 Chief Financial Officer responsibilities .....	9
2.3 Role of Internal Audit .....	10
2.4 External Audit .....	11
2.5 Fraud and corruption.....	11
2.6 Security Management .....	11
3. BUSINESS PLANNING, BUDGETARY CONTROL AND CONTRACT INCOME .....	11
3.1 Preparation and Approval of Annual Plans and Budgets.....	11
3.2 Budgetary delegation .....	12
3.3 Budgetary Control and Reporting.....	12
3.4 Contract Income .....	13
3.5 Capital expenditure.....	13
3.6 Monitoring returns.....	14
4. ANNUAL ACCOUNTS AND REPORTS .....	14
4.1 Accounting Officer .....	14
4.2 Responsibilities of the Chief Financial Officer .....	14
5. BANK AND PAYMASTER ACCOUNTS .....	14
5.1 General.....	14
5.2 Bank and Office of the Paymaster General Accounts.....	14
5.3 Banking procedures.....	14
5.4 Tendering and review .....	15
6 INCOME, FEES AND CHARGES AND SECURITY OF CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUMENTS .....	15
6.1 Income systems.....	15
6.2 Fees and charges .....	15
6.3 Debt recovery .....	16
6.4 Security of cash, cheques and other negotiable instruments.....	16
7. TENDERING AND CONTRACTING PROCEDURE .....	16
7.1 Compliance with guidance and procedures.....	16
7.2 Specific roles and responsibilities .....	17
7.3 Competition/Sourcing.....	17
7.4 Delegated authority levels.....	17
7.5 Quotations .....	17
7.6 Tenders .....	18

7.7.	Waivers.....	18
7.8	Contracts for the purchase of healthcare services .....	19
7.9	Contracts involving funds held on trust .....	19
7.10	Disposals.....	19
7.11	Form of Contract.....	20
7.12	Criteria for award of business .....	20
7.13	Pre offer and post tender bidder engagement.....	20
7.14	Acceptance of tenders and quotations .....	20
7.15	Formal award of business .....	20
7.16	Planning and Implementation.....	20
7.17	Audit .....	20
7.18	Review.....	21
8.	CONTRACTING FOR PROVISION OF PATIENT SERVICES .....	21
8.1	Responsibility for establishing contracts.....	21
8.2	Authority to sign contracts and vary contracts for patient services .....	21
9	TERMS OF SERVICE AND PAYMENT OF DIRECTORS AND EMPLOYEES.....	21
9.1	Remuneration and terms of service .....	21
9.2	Funded establishments.....	22
9.3	Staff appointments.....	22
9.4	Processing of payroll.....	22
9.5	Contract of employment.....	24
10.	NON-PAY EXPENDITURE .....	24
10.1	Delegation of authority .....	24
10.2	Requisitioning, ordering, receipt and payment for goods and services.....	24
11	EXTERNAL BORROWING AND INVESTMENTS .....	27
11.1	External Borrowing .....	27
11.2	Investments .....	27
12	CAPITAL INVESTMENT, PRIVATE FINANCING, FIXED ASSET REGISTERS AND SECURITY OF ASSETS.....	27
12.1	Capital Investment .....	27
12.2	Private finance .....	28
12.3	Asset Registers.....	29
12.4	Security of assets .....	29
13.	STORES AND RECEIPT OF GOODS .....	30
13.1	General position.....	30
13.2	Control of stores, stocktaking, condemnation and disposal.....	30
14.	DISPOSALS AND CONDEMNATIONS, LOSSES, SPECIAL PAYMENTS .....	31
14.1	Disposals and condemnations .....	31
14.2	Losses and Special Payments .....	32
15.	INFORMATION TECHNOLOGY .....	32
15.1	Responsibilities and duties of the Chief Financial Officer .....	32
15.2	Contracts for computer services with other health bodies or other agencies.....	33

15.3	Risk assessment.....	33
15.4	Requirements for computer systems which have an impact on corporate financial systems 33	
16.	PATIENTS' PROPERTY .....	33
16.1	The Trust's responsibility to provide safe custody .....	33
17.	FUNDS HELD ON TRUST .....	35
17.1	Corporate Trustee.....	35
17.2	Accountability to Charity Commission and Secretary of State for Health.....	36
17.3	Procedures .....	36
17.4	Incoming resources .....	36
17.5	Investment management .....	37
17.6	Banking services.....	38
17.7	Asset management.....	38
17.8	Reporting.....	38
17.9	Accounting and audit .....	38
17.10	Administrative costs.....	39
17.11	Taxation and excise duty .....	39
18.	RETENTION OF DOCUMENTS .....	39
19.	RISK MANAGEMENT AND INSURANCE.....	39
19.1	Programme of risk management.....	39
19.2	Insurance arrangements .....	39
20.	OPERATION OF SHARED SERVICES ON BEHALF OF OTHER NHS BODIES .....	40
<b>Section 2 – Scheme of Delegation.....</b>		<b>41</b>
21.	INTRODUCTION .....	41
21.1	General.....	41
21.2	Role of the Chief Executive.....	41
21.3	Caution over the use of delegated powers .....	41
21.4	Directors' ability to delegate their own delegated powers.....	41
21.5	Absence of Directors or Officer to whom powers have been delegated.....	41
22	MATTERS RESERVED FOR THE TRUST'S BOARD OF DIRECTORS .....	41
22.1	Introduction.....	41
22.2	Interface with the Council of Governors .....	42
23	DELEGATION OF POWERS.....	42
23.1	Delegation to Committees.....	42
23.2	Scheme of Delegation to Officers.....	43
	Matters Reserved for the Board of Directors.....	Appendix 1
	Scheme of Delegation.....	Appendix 2
	Scheme of Delegation required by Legislation or Other.....	Appendix 3
	Budget delegation flowchart.....	Appendix 4

## Section 1 – STANDING FINANCIAL INSTRUCTIONS

### 1. INTRODUCTION

#### 1.1 General

- 1.1.1 The Royal Devon and Exeter NHS Foundation Trust is a public benefit corporation which was established under the Health and Social Care (Community Health and Standards) Act 2003 on 1 April 2004. NHS Foundation Trusts are governed by statute, mainly the National Health Service Act 2006 and the Health and Social Care Act 2012.
- 1.1.2 These Standing Financial Instructions (SFIs) detail the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Decisions Reserved to the Trust's Board of Directors and the Scheme of Delegation adopted by the Trust.
- 1.1.3 These SFIs identify the financial responsibilities which apply to everyone working for the Trust and its constituent organisations including Trading Units. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Chief Financial Officer.
- 1.1.4 Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of the Chief Financial Officer must be sought before acting. The user of these SFIs should also be familiar with and comply with the provision of the Trust's Standing Orders.
- 1.1.5 It shall be the duty of the Chief Executive to ensure that the members of the Trust's Board of Directors and employees are notified of their responsibilities within these instructions.
- 1.1.6 These Standing Financial Instructions / Scheme of Delegation should be reviewed at least every three years.
- 1.1.7 The failure to comply with SFIs and Standing Orders can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.**
- 1.1.8 **Overriding SFIs** – If for any reason these SFIs are not complied with, full details of the non-compliance and any justification for the non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit Committee for referring action or ratification. All members of the Trust's Board of Directors and staff have a duty to disclose any non-compliance with these SFIs to the Chief Financial Officer.

#### 1.2 Terminology

- 1.2.1 Any expression to which a meaning is given in Health Service Acts, shall have the same meaning in these instructions; and
- (a) "Trust" means the Royal Devon and Exeter NHS Foundation Trust;
  - (b) "Trust's Board of Directors" means the Board of Directors of the Trust;
  - (c) "Budget" means a resource, expressed in financial terms, proposed by the Trust for the purpose of carrying out, for a specific period, any or all of the functions of the Trust;
  - (d) "Chief Executive" means the Chief Officer of the Trust;
  - (e) "Chief Financial Officer" means the Chief Financial Officer of the Trust;

- (f) "Budget Holder" means the director or employee with delegated authority to manage finances (Income, Expenditure and Assets) for a specific area of the organisation;
- (g) "Charitable Funds" shall mean those funds which the Trust holds at 1st April 1996 or date of incorporation, receives on distribution by statutory instrument or chooses subsequently to accept under the powers derived under S.90 of the NHS Act 1997, as amended. Such funds may or may not be charitable;
- (h) "Legal Adviser" means the properly qualified person appointed by the Trust to provide legal advice;
- (i) "NHSI" means the sector regulator for health services in England;
- (j) "Cash" includes coins, bank notes, stamps, cheques and/or other negotiable instruments as the context may require;
- (k) "Tender" means an offer related to a precise specification whether or not accompanied by a bill of quantities, or an offer related to the negotiation of a period or call-off contract; and
- (l) "Quotation" means an offer in respect of a single transaction.

1.2.2 Wherever the title Chief Executive, Chief Financial Officer, 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 "officer" or "employee" is used it shall be deemed to include all employees of the Trust including employees of third parties contracted to the Trust when acting on behalf of the Trust.

1.2.4 Any employee of the Trust who solicits or accepts any gift or consideration of any kind from contractors or their agents or from any organisation, firms or individual, as an inducement or reward for doing or refraining from doing anything in his official capacity, or for showing favour or disfavour to any person in his official capacity shall be liable to dismissal and to prosecution. All dealings shall be in accordance with "Standards of Business Conduct for NHS Staff."

1.2.5 Powers not defined by Standing Orders or these SFIs shall be exercised on behalf of the Trust by such officers as the Chief Executive designates, within such limits and subject to such conditions as the Chief Executive shall prescribe.

### **1.3 Responsibilities and delegation**

#### **1.3.1 The Trust's Board of Directors**

The Trust's Board of Directors exercises financial supervision and control by:

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

1.3.2 The Trust's Board of Directors has resolved that certain powers and decisions may only be exercised by the Trust's Board of Directors in formal session. These are set out in Appendix 1, 'Matters Reserved for the Board'.

1.3.3 The Trust's Board of Directors will delegate responsibility for the performance of its functions in accordance with the 'Matters Reserved for the Board' and 'Scheme of

Delegation' appendices adopted by the Trust. (The extent of delegation should be kept under review by the Trust's Board of Directors).

#### 1.3.4 **The Chief Executive and Chief Financial Officer**

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

#### 1.3.5 **The Chief Financial Officer**

The Chief Financial Officer is responsible for:

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

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

- (d) the provision of financial advice to other members of the Trust's Board of Directors and employees;
- (e) the design, implementation and supervision of systems of 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.

#### 1.3.6 **Trust's Board of Directors and employees**

All Trust's Board of Directors and employees, severally and collectively, are responsible for:

- (a) the security of the property of the Trust;
- (b) avoiding unplanned financial losses;
- (c) exercising economy and efficiency in the use of resources; and
- (d) conforming to the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation.

#### 1.3.7 **Contractors and their employees**

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

1.3.8 For all the Trust's Board of Directors and any employees who carry out a financial function, the form in which financial records are kept and the manner in which Directors and employees discharge their duties must be to the satisfaction of the Chief Financial Officer.



- 1.3.9 All officers shall make available any relevant records or information to the Chief Financial Officer in connection with the carrying out of his duties of supervision of the Trust's financial policies and systems of financial control, whether by internal audit or otherwise.

## **2 AUDIT**

### **2.1 Audit Committee**

2.1.1 In accordance with Standing Orders the Trust's Board of Directors shall establish an Audit Committee which will provide an independent and objective view of internal control by:

- (a) concluding upon the adequacy and effective operation of the organisation's overall internal control system. In particular it is responsible for providing assurance to the Board in relation to the financial systems and controls of the Trust;
- (b) reviewing the establishment and maintenance of effective systems of integrated governance across the whole of the Trust's activities (both financial and non-financial), that supports the achievement of the Trust's objectives;
- (c) ensuring that there is an effective internal audit function, including the Counter Fraud function, establishment by management that meets mandatory NHS internal audit standards and provides appropriate independent assurance to the Audit Committee, Chief Executive and Board;
- (d) reviewing the work and findings of the external auditor and consider the implications of management's responses to their work.
- (e) considering the work of the other committees within the Trust, the work of which can provide relevant assurance to the Audit Committee's own scope of work. This will particularly include the Governance Committee because of its management of the Trust's Corporate Risk Register and the Clinical Audit function.

2.1.2 Where the Audit Committee feel there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the committee wish to raise, the chairman of the Audit Committee should raise the matter at a full meeting of the Trust's Board of Directors. Exceptionally, the matter may need to be referred to NHSI (Via the Chief Financial Officer in the first instance).

2.1.3 It is the responsibility of the Chief Financial Officer to ensure that an adequate internal audit service is provided and the Audit Committee shall be involved in the selection process when an internal audit service provider is changed.

2.1.4 Each Audit Committee meeting may include a section for discussion between the committee members and internal and external auditors without Executive Directors or other officers in attendance.

### **2.2 Chief Financial Officer responsibilities**

2.2.1 The Chief Financial Officer is responsible for:

- (a) ensuring that there are arrangements to review, evaluate and report on the effectiveness of internal control and efficient use of resources by the establishment of an internal audit function;
- (b) ensuring that the internal audit is adequate and meets the NHS mandatory audit standards;
- (c) deciding at what stage to involve the police in cases of misappropriation, and other irregularities;

- (d) ensuring that a strategic audit plan and an annual audit report is prepared for the consideration of the Audit Committee and the Trust's Board of Directors. The annual audit report must cover:
  - (i) progress against plan over the previous year;
  - (ii) a clear opinion on the effectiveness of internal control;
  - (iii) major internal financial control weaknesses discovered;
  - (iv) progress on the implementation of internal audit recommendations;
  - (v) strategic audit plan covering the coming three years; and
  - (vi) a detailed plan for the coming year.

2.2.2 The Chief Financial Officer or designated auditors are entitled without necessarily giving prior notice to require and receive:

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

## **2.3 Role of Internal Audit**

2.3.1 Internal Audit will review, appraise and report upon:

- (a) the extent of compliance with, and the financial effect of, relevant established policies, plans and procedures;
- (b) the adequacy and application of financial and other related management controls;
- (c) the suitability of financial and other related management data;
- (d) the extent to which the Trust's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
  - (i) fraud and other offences;
  - (ii) waste, extravagance, inefficient administration;
  - (iii) poor value for money or other causes.

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

2.3.3 The Audit Manager/Director of Audit will normally attend Audit Committee meetings and has a right of access to all Audit Committee Members, the Chairman and Chief Executive of the Trust.

2.3.4 The reporting system for internal audit shall be agreed between the Chief Financial Officer, the Audit Committee and the Audit Manager. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Public Sector Internal Audit Standards. The reporting system shall be reviewed at least every three years.

2.3.5 The Audit Manager shall report direct to the Director of Operational Finance who shall refer audit reports, under agreed reporting arrangements, to the appropriate designated

officers. Recipients of an audit report shall send a written response within two weeks stating the action to be taken in response to the audit recommendations. Failure to take any necessary action within a reasonable period shall be reported to the relevant Executive Director.

## **2.4 External Audit**

2.4.1 The external auditor is appointed by the Council of Governors and paid for by the Trust. The Audit Committee must ensure that the Trust receives a cost-efficient service. Should there be a problem which cannot be resolved by the Audit Committee, then this should be discussed with the external auditor and if appropriate referred to the Trust's Board of Directors for resolution. In exceptional circumstances the issue may be referred to NHSI if it cannot be resolved.

## **2.5 Fraud and corruption**

2.5.1 The Chief Executive and Chief Finance Officer will ensure that there are effective arrangements in place to ensure the prevention and detection of fraud and corruption in accordance with the provisions of the Service Contracts in place with Commissioners for the provision of services.

2.5.2 The Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist.

2.5.3 The Local Counter Fraud Specialist shall report to the Director of Operational Finance and shall work with staff in the Directorate of Counter Fraud Services and the Counter Fraud Operational Service.

2.5.4 The local Counter Fraud Specialist will provide a written report, at least annually to the Audit Committee, on counter fraud work within the Trust.

## **2.6 Security Management**

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

2.6.2 The Trust shall nominate a suitable person to carry out the duties of the Local Security Management Specialist (LSMS) as specified by the Secretary of State for Health guidance on NHS security management.

2.6.3 The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the Security Management Director (SMD) and the appointed Local Security Management Specialist (LSMS).

## **3. BUSINESS PLANNING, BUDGETARY CONTROL AND CONTRACT INCOME**

### **3.1 Preparation and Approval of Annual Plans and Budgets**

3.1.1 The Chief Executive will compile and submit to the Trust's Board of Directors for approval an annual plan which takes into account financial targets and forecast limits of available resources and is in accordance with the guidance issued by NHSI.

The annual plan content and the number of submissions are defined by NHSI. The plans usually contain:

- (a) a statement of the significant assumptions on which the plan is based; and
- (b) details of major changes in workload, delivery of services or resources required to achieve the plan.

(c) detailed financial templates, accompanying finance narrative and operational/strategic narrative.

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

3.1.3 Prior to the start of the financial year the Chief Financial Officer will, on behalf of the Chief Executive, prepare and submit budgets for approval by the Trust's Board of Directors. Such budgets will:

(a) be in accordance with the aims and objectives set out in the Annual Plan and Trust Strategy;

(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; and

(e) identify potential risks and the means of mitigating such risks.

3.1.4 The Chief Financial Officer shall monitor financial performance against budget and annual plan, periodically review them, and report to the Trust's Board of Directors on action to be taken. As a consequence the Chief Financial Officer shall have the right of access to all budget holders on budgetary related matters.

3.1.5 All budget holders must provide all financial, statistical and other relevant information as required by the Chief Financial Officer to enable budgets/ annual plan forecasts to be compiled and monitored.

3.1.6 All Divisional Directors and Support Directorate Managers will sign up to their allocated budgets at the commencement of each financial year.

3.1.7 The Chief Financial Officer has a responsibility to ensure that reasonable training is delivered on an on-going basis to budget holders to help them manage financial resources successfully.

## **3.2 Budgetary delegation**

3.2.1 The Chief Executive will delegate the management of a budget or part of a budget to officers to permit the performance of a defined range of activities.

(i) the amount of the budget;

(ii) the purpose(s) of each budget heading;

(iii) individual and group responsibilities;

(iv) achievement of planned levels of service; and

(v) the provision of regular reports.

3.2.2 The Chief Executive and delegated budget officers must not exceed the budgetary total set by the Trust's Board of Directors. Expenditure for which no provision has been made in an approved budget shall only be incurred after authorisation by the Executive Group.

3.2.3 Budgets shall be used only for the purpose for which they were provided. Any budgeted funds not required for their designated purpose(s) revert to Central budgets.

## **3.3 Budgetary Control and Reporting**

3.3.1 The Chief Financial Officer will devise and maintain systems of budgetary control. These will include:

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

3.3.2 Each Budget Holder is responsible for ensuring that:

- (a) any likely overspending or reduction of income should not be incurred without the prior consent of the Divisional Director or a Support Directorate Manager.
- (b) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised; and
- (c) no permanent employees are appointed without the approval of the Divisional Director or the Support Directorate Manager other than those provided for in the budget as approved by the Trust's Board of Directors.

3.3.3 The Chief Executive is responsible for identifying and implementing cost improvements and income generation initiatives in accordance with the requirements of the Annual Business Plan.

### **3.4 Contract Income**

3.4.1 The Chief Financial Officer of the Trust will:

- (a) periodically review the bases and assumptions used for compiling budgets and ensure that these are reasonable and realistic;
- (b) periodically review contract income and all other sources of income to ensure the Trust is obtaining all the funds due;
- (c) prior to the start of each financial year submit to the Trust's Board of Directors for approval a report showing the total expected contract income received and the proposed allocation including any sums to be held in reserve; and
- (d) regularly update the Trust's Board of Directors on significant changes to contract income and the uses of such funds.

### **3.5 Capital expenditure**

3.5.1 The general rules applying to capital expenditure are contained within Section 12.

### **3.6 Monitoring returns**

- 3.6.1 The Chief Executive is responsible for ensuring that the appropriate monitoring forms are submitted to NHSI within agreed timescales.

## **4. ANNUAL ACCOUNTS AND REPORTS**

### **4.1 Accounting Officer**

The Chief Executive is the Accounting Officer at the NHS Foundation Trust. The relevant responsibilities of the Accounting Officer, including their responsibility for the propriety and regulating of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the NHS Foundation Trust Accounting Officer memorandum issued by NHSI.

### **4.2 Responsibilities of the Chief Financial Officer**

The Chief Financial Officer, on behalf of the Trust, will:

- (a) prepare financial returns in accordance with the accounting policies and guidance given by NHSI and the Treasury, the Trust's accounting policies, and generally accepted accounting principles; and
- (b) prepare, certify and submit annual financial reports to NHSI in accordance with current timetable and guidelines.

- 4.3 The Trust's annual accounts must be audited by an auditor that is appointable under the Audit Code issued by NHSI. The Trust's audited annual accounts must be presented to the Annual Public Meeting of the Council of Governors.

- 4.4 The Trust will publish an Annual Report, in accordance with guidelines on local accountability, and present it at the Annual Public Meeting of the Council of Governors. The document will comply with the NHS Foundation Trust Annual Reporting Manual (FT ARM).

## **5. BANK AND PAYMASTER ACCOUNTS**

### **5.1 General**

- 5.1.1 The Chief Financial Officer is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of accounts. This advice will take into account guidance/ directions issued from time to time by NHSI.

- 5.1.2 The Trust's Board of Directors shall approve the Trust's Treasury Management Policy, including the investment of surplus funds and the operation of commercial banks and Government Banking Service (GBS) accounts.

### **5.2 Bank and Office of the Paymaster General Accounts**

- 5.2.1 The Chief Financial Officer is responsible for:

- (a) bank accounts and GBS accounts;
- (b) ensuring payments made from bank or GBS accounts do not exceed the agreed overdraft facility; and
- (c) reporting to the Trust's Board of Directors all arrangements made with the Trust's bankers for accounts to be overdrawn.

### **5.3 Banking procedures**

- 5.3.1 The Chief Financial Officer is responsible for ensuring that detailed instructions on the operation of bank and GBS accounts are maintained and include:

- (a) the conditions under which each bank and GBS 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.

5.3.2 No officer other than the Chief Financial Officer shall have the authority to open any bank account in the name of the Trust.

5.3.3 The Chief Financial Officer must advise the Trust's bankers in writing of the conditions under which each account will be operated, the limits to be applied to any overdraft and the limitation on single signatory payments. All funds shall be held in accounts in the name of the Trust.

5.3.4 All arrangements with the Trust's bankers shall be made or approved by the Chief Financial Officer within the general directions of the Trust's Board of Directors, and the Chief Financial Officer shall be authorised to operate banking accounts, at the bank's address.

5.3.5 The Chief Financial Officer shall advise the bankers in writing of the officers authorised to be account maintenance signatories.

#### **5.4 Tendering and review**

5.4.1 The Chief Financial Officer will review the banking arrangements of the Trust at regular intervals to ensure they reflect best practice and represent best value for money by periodically seeking competitive tenders for the Trust's banking business.

5.4.2 Competitive tenders shall be considered at least every 5 years, for commercial bank arrangements that are not part of the Government Banking Service (GBS). The results of the tendering exercise shall be reported to the Trust's Board of Directors. This review is not necessary for GBS accounts.

5.4.3 The Trust's Treasury Management Policy will be reviewed by the Trust's Board of Directors on a bi-annual basis.

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

#### **6.1 Income systems**

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

6.1.2 The Chief Financial Officer is also responsible for ensuring that systems are in place for the prompt banking of all monies received, within a maximum period of 7 days from receipt.

#### **6.2 Fees and charges**

6.2.1 The Trust shall follow NHSI's and the Department of Health's guidance in setting prices for NHS contracts e.g. "National Tariff Payments System."

6.2.2 The Chief Financial Officer 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.

6.2.3 All employees must ensure that Trust recognises money due arising from transactions which they initiate/manage, including all contracts, leases, tenancy agreements, private patient undertakings, rechargeable expenditure and other transactions.

### **6.3 Debt recovery**

- 6.3.1 The Chief Financial Officer is responsible for the appropriate recovery action on all outstanding debts.
- 6.3.2 Debts not recovered should be dealt with in accordance with losses procedures and Section 14 of these Standing Financial Instructions.
- 6.3.3 Overpayments should be prevented, however if detected recovery should be initiated.

### **6.4 Security of cash, cheques and other negotiable instruments**

- 6.4.1 The Chief Financial Officer is responsible for:
  - (a) the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable;
  - (b) sufficient controls governing the 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 and approving the procedures for keys, and for coin operated machines; and
  - (d) prescribing systems and procedures for handling cash and negotiable instruments on behalf of the Trust.
- 6.4.2 Official money shall not under any circumstances be used for the encashment of private cheques or IOUs.
- 6.4.3 Cash shall be banked intact in accordance with the Chief Financial Officer's instructions. If not paid directly into the bank, cash shall be locked as soon as possible in the safe or cash-box provided for this purpose. Disbursements shall not be made from cash received, except under arrangements approved by the Chief Financial Officer.
- 6.4.4 The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Trust is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Trust from responsibility for any loss.

## **7. TENDERING AND CONTRACTING PROCEDURE**

### **7.1 Compliance with guidance and procedures**

- 7.1.1 All contracts made by or on behalf of the Trust shall comply with:
  - (a) the Trust's Standing Orders;
  - (b) these Standing Financial Instructions;
  - (c) EU Directives on Public Procurement and all other relevant statutory provisions;
  - (d) any direction by the Trust's Board of Directors or Committee having appropriate delegated authority;
  - (e) any relevant directions including the Capital Investment Manual and Guidance on the Procurement and Management of Consultants;
  - (f) the NHS Standard Contract Condition; and
  - (g) Procurement Policy.



- 7.1.2 Contracts for goods or services (other than professional services and disposals) shall embody such NHS Standard Contract Conditions and supplementary conditions as are applicable.
- 7.1.3 All contracts made by or on behalf of the Trust shall be selected in such a way as to give the best value for money or deliver the most commercially advantageous solution to the Trust.
- 7.1.4 Where supplies of goods or services are obtained other than as provided for in SFIs Section 7, then the Authorised Officer (s) concerned shall report accordingly to the Chief Financial Officer.

## **7.2 Specific roles and responsibilities**

- 7.2.1 The Chief Financial Officer and the Head of Procurement and Commercial Support have overall responsibility for ensuring good procurement practice is established throughout the Trust.
- 7.2.2 The Procurement Department is responsible for developing procedures able to adequately manage the Trust's non-pay expenditure encompassing the requirements of the SFIs, Standing Orders, EU Procurement Directives and all specific NHS/DH Policies.

## **7.3 Competition/Sourcing**

- 7.3.1 Trust Officers will, as a matter of course, seek to use the NHS or other Public Body Contracts. The use of these Contracts negates the need for further competition.

In cases where NHS or other Public Body Contracts are either not available or inappropriate for use then tenders/quotations should be sought in line with thresholds detailed in the Scheme of Delegation.

## **7.4 Delegated authority levels**

- 7.4.1 The appropriate delegated authority of those with the power to accept tenders and authorise the conclusion of contracts is detailed in in the Scheme of Delegation.

## **7.5 Quotations**

- 7.5.1 The Trust shall ensure that competitive written quotations are obtained as required by the Scheme of Delegation.
- 7.5.2 Written quotations shall be sought from a minimum of three approved firms/persons.
- 7.5.3 All quotations should be treated as confidential and should be retained in electronic form for inspection.
- 7.5.4 The authorised officer in line with the Scheme of Delegation should evaluate the quotations and select the one which gives best value for money. If this is not the lowest, then this fact and the reasons why the lowest quotation was not chosen should be made in a permanent record.
- 7.5.5 Non-competitive written quotations may be obtained for the following purposes, where in the opinion of an Authorised Officer it is necessary to do so:
- (a) in order to obtain goods or services required quickly and which are not obtainable under existing contracts; or
  - (b) in order to secure a supply of proprietary items or services of a special character for which it is not possible or desirable to obtain competitive quotations; or
  - (c) in order to secure a marked financial advantage to the Trust.

- 7.5.6 In all cases where non-competitive quotations are obtained the reasons for doing so shall be recorded using a waiver document.
- 7.5.7 Reference shall be made to the Head of Procurement and Commercial Support when items estimated to be within the expenditure and income limits above, prove to be beyond them, and should therefore have required competitive or non-competitive quotation.
- 7.5.8 The Chief Executive shall have overall responsibility for ensuring that best value for money can be demonstrated for all services provided under contract or in-house. The Trust's Board of Directors may also determine from time to time that in-house services should be market tested by competitive tendering.

## **7.6 Tenders**

- 7.6.1 Invitation to tenders shall be in accordance with the EU Public Procurement Directives and Public Procurement Regulations 2015 (as amended from time to time), the Trust Procurement Policy and any other relevant guidance as per the Trust's SFIs.

## **7.7. Waivers**

- 7.7.1 The Trust will comply with the Department of Health and other Public Body Guidance. The delegated authority levels for waiving the requirement for tendering / obtaining quotations are detailed in the Scheme of Delegation.

### **7.7.2 Competitive tenders need not be invited:**

- (a) Where the requirement is ordered under existing contracts;
- (b) Where the requirements are ordered under national framework agreements although in each such case appropriate value for money must still be adequately demonstrated;
- (c) As provided in SFI 7.12 for disposals;
- (d) Where the estimated income or expenditure is within the financial thresholds contained within these SFIs;
- (e) Where, in the opinion of the Authorised Officer as per the Scheme of Delegation the estimated expenditure or income would not warrant formal tendering procedures or competition would not be practicable taking into account all the circumstances;
- (f) Where the supply is proposed under special arrangements negotiated by the DoH or other Government sponsored body in which event the said special arrangement must be complied with;
- (g) There is a clear benefit from maintaining continuity with an earlier project. In such cases, the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering;
- (h) Where provided for in the Capital Investment Manual;
- (i) The timescale genuinely precludes competitive tendering. Failure to plan the work properly is not a justification for not tendering a requirement;
- (j) Specialist expertise/supply is required and is available from only one source – this must be adequately demonstrated with evidence made available;
- (k) The task is essential to complete the project and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate;
- (l) Where a requirement arises out of an existing project or an operational need that was not foreseen which would cause significant impact to the Trust as a result of time taken to tender; or
- (m) Where the benefits to be gained can be clearly demonstrated and are deemed significant to the Trust.

- (n) The maintenance / repair of equipment by the manufacturer for compliance purposes or to keep up with the warranty benefits (ie, warranty would be invalidated if the equipment was to be maintained or repaired by a party other than the manufacturer);
- (o) Where it is in the commercial and/or operational interest of the Trust and this can be reliably evidenced.

7.7.3 When the decision to waive the Trust's obligation to go through a competitive process is taken, a Single Source Waiver must be completed to clearly record the reasons for this decision.

7.7.4 The application of the single source tender rules should not be used to avoid competition or for administrative convenience or to further award work to a consultant originally appointed through a competitive process.

## **7.8 Contracts for the purchase of healthcare services**

7.8.1 The Trust will enter into legally binding contracts for the purchase of healthcare services with commissioners in accordance with a form of contract as approved by the Chief Financial Officer.

7.8.2 Authority to sign such contracts on behalf of the Trust will be limited to the Chief Executive and Chief Financial Officer in line with the Scheme of Delegation Procurement section.

## **7.9 Contracts involving funds held on trust**

7.9.1 Contracts involving charitable funds shall comply with the requirements of the Charities Act.

## **7.10 Disposals**

7.10.1 SFI 7.4 shall not apply to the disposal of:

- (a) fixtures and fittings, machinery and old materials, in respect of which a fair price can be obtained by negotiation or sale by auction;
- (b) obsolete or condemned articles and stores, which may be disposed of in accordance with the Trust's policy on supplies;
- (c) items arising from building or engineering works (including construction, demolition, site clearance adaptation and improvement) which should be dealt with in accordance with the relevant contract; or
- (d) land or buildings are to be disposed of subject to the specific approval of the Trust's Board of Directors, as indicated in the Matters Reserved for the Board document.

7.10.2 Except for land and buildings, and items arising from capital works involving adaptations or demolition of existing premises, the following procedure shall be followed in respect of the disposal of all scrap materials and surplus items:

- (a) all such materials and items will be examined jointly by representatives of the Head of the Department concerned and the Authorised Officer;
- (b) where it is determined by the Authorised Officer that the items concerned have no value, or where the cost of disposal would exceed the value, then a schedule of these items will be made and signed by the Authorised Officer. The schedule will be sent to Finance for recording and the items disposed of in an appropriate manner.
- (c) unless put up for auction or where a fair price can be obtained by negotiation, quotations other than the highest shall not be accepted except after report to and approval by the Chief Executive or Authorised Officer;
- (d) In cases of negotiation the written approval of the Chief Executive or Authorised Officer must be obtained before the contract for sale is concluded.

## **7.11 Form of Contract**

- 7.11.1 It is expected that all contracts are awarded under the Standard Terms and Conditions of the NHS as may be modified from time to time and with such amendments as shall be appropriate to the contract being let.

## **7.12 Criteria for award of business**

- 7.12.1 The Tender Document will normally state the award is to be based on the most economically advantageous bid. In cases where the EU Thresholds apply the Award Criteria must be included in either the Notice in the Official Journal of the European Union or in the Tender. Contract Award criteria are agreed by Trust Officers as part of the procurement process. In projects of significant value/risk this will include Budget holders; Finance staff and Procurement officers along with any other appropriate Trust Officers.

## **7.13 Pre offer and post tender bidder engagement**

- 7.13.1 Post tender negotiation/pre contract negotiations are not permitted under the restricted procedure within the OJEU tendering process. In exceptional cases at the discretion of the Head of Procurement and Commercial Support, it may be undertaken for below OJEU threshold tendering exercises.

Post tender clarification is permissible where it is deemed reasonable to clarify aspects of a tender without fundamentally changing or renegotiating the contents.

## **7.14 Acceptance of tenders and quotations**

- 7.14.1 If the number of tenders received is insufficient to provide adequate competition, the decision to proceed with the tender process shall be made by the Head of Procurement and Commercial Support having considered all available information.

## **7.15 Formal award of business**

- 7.15.1 The best value for money (VfM) bid will be that which is judged to offer the optimum combination of service capability and quality (including clinical standard, deliverability and other specified areas).

The following factors will be used to assess the overall procurement exercise:

Quality and effectiveness	Services and goods must meet or exceed all relevant standards and specifications and be consistent with good clinical practice.
Integration	Services must contribute to the long term development and integration of relationships between all providers and key stakeholders.
Value for Money	The services/goods must offer VfM and be deliverable within RD&E budgets.

Provided all of the above conditions and circumstances set out above have been fully complied with, formal authorisation and award of a contract may be agreed under the authorisation limits defined in the Trust's Delegated Authority Level. In the case of authorisation by the Board of Directors, this shall be recorded in their minutes.

## **7.16 Planning and Implementation**

- 7.16.1 The Procurement Department will be responsible for implementing and monitoring compliance to this procedure by recording and reporting on the number of single tender waiver requests.

## **7.17 Audit**

- 7.17.1 Compliance with the SFIs will be monitored on a regular basis and covered within the Trust's Internal Audit Programme.

## **7.18 Review**

- 7.18.1 The Procurement Department's procedures will be reviewed regularly by the Head of Procurement and Commercial Support and authorised by the Director of Operational Finance and Business Development.

## **8. CONTRACTING FOR PROVISION OF PATIENT AND NON-PATIENT SERVICES**

### **8.1 Responsibility for establishing contracts**

- 8.1.1 The Chief Executive as the Accountable Officer is responsible for establishing contracts for the provision of services in accordance with the Annual Plan, and for establishing the arrangements for providing extra-contractual services. In carrying out these functions, the Chief Executive should take into account the advice of the Chief Financial Officer regarding:

- (a) costing and pricing of services;
- (b) payment terms and conditions; and
- (c) amendments to contracts and extra-contractual arrangements.

- 8.1.2 Contracts should be so devised as to minimise risk whilst recognising the Trust's opportunity to generate income. Contract prices should comply with NHSI and Department of Health guidance e.g. Payment by Results.

- 8.1.3 The Chief Financial Officer shall produce regular reports detailing actual and forecast contract income with a detailed assessment of the impact of the variable elements of income.

### **8.2 Authority to sign contracts and vary contracts for patient services**

- 8.2.1 The Chief Executive and Chief Financial Officer are the only officers empowered to sign contracts and contract variations on behalf of the Trust.

## **9 TERMS OF SERVICE AND PAYMENT OF DIRECTORS AND EMPLOYEES**

### **9.1 Remuneration and terms of service**

- 9.1.1 The Trust's Board of Directors shall formally agree and record in the minutes of its meetings, the precise terms of reference of the Executive Director Remuneration Committee, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting. (The constitution of this committee will be covered in Standing Orders).

- 9.1.2 The Committee will:

- (a) advise the Trust's Board of Directors about appropriate remuneration and terms of service for the Chief Executive, other executive directors and very senior managers, including:
  - (i) all aspects of salary (including any performance-related elements/bonuses);
  - (ii) provisions for other benefits, including pensions and cars;
  - (iii) arrangements for termination of employment and other contractual terms;
- (b) set the remuneration and terms of service to ensure that they are fairly rewarded for their individual contribution to the Trust - having proper regard to the Trust's circumstances and performance and to the provisions of any national arrangements for such staff where appropriate;
- (c) ensure that a process exists to monitor and evaluate the performance of individual Executive Directors; and

- (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.

9.1.3 The Trust's Board of Directors will review proposals presented by the Chief Executive for setting of remuneration and conditions of service for those employees not covered by the Committee.

9.1.4 The Trust will remunerate the Chairman and Non-executive Directors in accordance with rates as approved by the Council of Governors.

## **9.2 Funded establishments**

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

9.2.2 The funded establishment of any department may not be varied without the approval of the Chief Executive or a nominated officer.

## **9.3 Staff appointments**

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

- (a) unless authorised to do so by the Director of Transformation and Organisational Development or a nominated officer;
- (b) the proposed change is within the limit of his approved budget; and
- (c) it is in accordance with the Trust's approved Human Resources policies and agreements.

9.3.2 The Trust's Board of Directors will approve procedures presented by the Chief Executive for the determination of commencing pay rates, condition of service etc. for employees.

## **9.4 Processing of payroll**

9.4.1 The Director of Transformation and Organisational Development is responsible for designing and maintaining a system for:

- (a) specifying timetables for submission of properly authorised time records and other notifications;
- (b) the final calculation of pay and allowances, including the verification that the rate of pay and relevant conditions of service are in accordance with current agreements, the proper compilation of the payroll and for the payments made;
- (c) making payment on agreed dates; (The Director of Transformation and Organisational Development shall pay salaries and wages on the currently agreed dates but may vary these when necessary due to special circumstances e.g. Christmas and other bank holidays). Payments shall not be made in advance of the authorised normal pay date except:
  - (i) where the prior approval of the Trust's Board of Directors has been obtained; or
  - (ii) in special cases authorised by the Director of Transformation and Organisational Development and limited to the net pay due at any time of payment; or
  - (iii) other advances in accordance with Agenda for Change regulations or the Trust's policies (whichever is appropriate to the employee);
- (d) agreeing method of payment;

- (e) approving the form certification and submission process of all time records, pay sheets and other pay records and notifications; and
- (f) for the provision of contingency arrangements for payments to employees in case of a breakdown of computer processing of financial systems.

9.4.2 The Director of Transformation and Organisational Development will issue instructions regarding:

- (a) verification and documentation of data;
- (b) the timetable for receipt and preparation of payroll data and the payment of employees and allowances;
- (c) maintenance of subsidiary records for pension, income tax, social security and other authorised deductions from pay;
- (d) security and confidentiality of payroll information;
- (e) checks to be applied to completed payroll before and after payment;
- (f) authority to release payroll data under the provisions of the Data Protection Act;
- (g) procedures for payment by Banks Automated Clearing System (BACS) to employees and officers;
- (h) procedures for the recall of BACS payments;
- (i) pay advances and their recovery;
- (j) maintenance of regular and independent reconciliation of pay control accounts with appropriate internal check procedures;
- (k) separation of duties of preparing records and authorising payroll;
- (l) a system to ensure the recovery from leavers of sums of money and property due by them to the Trust;
- (m) procedures for unclaimed wages.

9.4.3 Appropriately nominated officers have responsibility for:

- (a) submitting time records, and other notifications in accordance with agreed timetables;
- (b) completing time records, commencement of employment, and change of status of employment or circumstance in accordance with the Director of Transformation and Organisational Development's instructions and in the form prescribed by the Director of Transformation and Organisational Development; and
- (c) submitting termination notifications in the prescribed form, currently Electronic Staff Records System (ESR) immediately upon knowing the effective date of an employee's or officer's resignation, termination or retirement.

9.4.4 All documentation related to the appointment of new employees, changes to rates of payment, payments due and termination of employment shall be processed in accordance with procedures approved by the Director of Transformation and Organisational Development.

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

9.4.6 Payment of staff allowances, e.g. travelling and subsistence to employees and officers, shall be made in accordance with the current regulations, subject to verification of claim

details, upon electronic or paper receipt of the prescribed form, duly completed and authorised by a budget holder or other authorised officer.

## **9.5 Contract of employment**

9.5.1 The Trust's Board of Directors shall delegate responsibility to the Director of Transformation and Organisational Development to:

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

## **10. NON-PAY EXPENDITURE**

### **10.1 Delegation of authority**

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

10.1.2 The Divisional Directors and Support Directorate Managers will set out:

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

### **10.2 Requisitioning, ordering, receipt and payment for goods and services**

10.2.1 **Requisitioning** - the requisitioning of the item to be supplied (or the service to be performed) shall always obtain the best value for money for the Trust. In so doing, the advice of the Trust's adviser on supply shall be sought). Where this advice is not acceptable to the requisitioner, the Chief Financial Officer (and/or the Chief Executive) shall be consulted.

10.2.2 **Ordering** - no goods, services or works (other than works and services executed in accordance with a contract, purchases from petty cash, by credit card or where dictated by normal business practice), shall be ordered except on an official order duly signed by a designated officer, and contractors shall be notified that they should not accept orders unless on an official form.

10.2.3 **Official Orders** - official orders must:

- (a) be consecutively numbered;
- (b) be in a form approved by the Chief Financial Officer;
- (c) state the Trust's terms and conditions of supply and shall incorporate an obligation on the contractor to comply with the conditions printed thereon and;
- (d) only be issued to, and used by, those duly authorised by the Chief Executive.
- (e) an exception to 10.2.3 (a) and 10.2.3 (c) being when purchases are made by Credit Card.

10.2.4 **System of payment and payment verification** - The Chief Financial Officer shall be responsible for ensuring the prompt payment of accounts and claims.

10.2.5 The Chief Financial Officer will:

- (a) advise the Trust's Board of Directors regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained;



and, once approved, the thresholds should be incorporated in SFIs and regularly reviewed;

- (b) prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds;
- (c) be responsible for the prompt payment of all properly authorised accounts and claims;
- (d) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
  - (i) A list of Directors/employees authorised to certify invoices.
  - (ii) Certification that:
    - goods have been duly received, examined and are in accordance with specification and order, are satisfactory and that prices are correct (further guidance is included within section 13.2.7);
    - work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
    - in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time records, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, that the charges for the use of vehicles, plant and machinery and other expenses have been examined and are reasonable;
    - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
    - the account is arithmetically correct;
    - the account has not been previously passed for payment;
    - for stock items, the appropriate accounting entries have been made;
    - the account is in order for payment.
  - (iii) A system for the early payment of accounts subject to recognise cash discounts.
  - (iv) Instructions to employees regarding the handling and payment of accounts within the Finance Department.
  - (v) That a form of certification is attached to or impressed upon each invoice except where passing of invoices is achieved by computer matching with orders and goods received notes.
- (e) be responsible for ensuring that payment for goods and services is only made once the goods and services are received, (except SFI 10.2.6 below).

#### 10.2.6 **Prepayments**

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

- a) prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cashflows must be discounted to NPV using an appropriate rate that reflects the cost to the Trust); and
- b) the budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate Director or Chief Executive if problems are encountered.

#### 10.2.7 **Duties of Managers and Officers**

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

- (a) all contracts (except as otherwise provided for in the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Chief Financial Officer in advance of any commitment being made;
- (b) contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement;
- (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;

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

- (d) no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Chief Financial Officer or Chief Executive;
- (e) all goods, services, or works are ordered on an official order except works and services executed in accordance with a contract, purchases from petty cash or those made using a Trust Credit Card;
- (f) verbal orders must only be issued very exceptionally - only by officers designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed within 24 hours by an official order and clearly marked "Confirmation Order". An exception to the rule being those goods purchased using Trust Credit Cards;
- (g) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- (h) goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;
- (i) changes to the list of directors/employees authorised to certify invoices are approved by the Board as part of the scheme of delegation;
- (j) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Chief Financial Officer;
- (k) petty cash records are maintained in a form as determined by the Chief Financial Officer; and
- (l) the ordering of supplies and certification of the receipt of those supplies shall be carried out by separate persons. An exception to the rule being those goods purchased using Credit Cards.

10.2.8 In the case of contracts for building or engineering works which require payment to be made on account during the progress of work, the payment shall be made on receipt of a certificate from the appropriate technical consultant or officer. Without prejudice to the responsibility of any consultant or estates officer appointed to a particular building or engineering contract, a contractor's account shall be subjected to such financial examination by the Chief Financial Officer and such general examination by the Head of Estates or Deputy Director of Strategic Capital Planning as may be considered necessary, before the person responsible to the Trust for the contract issues the final certificate.

10.2.9 The Chief Financial Officer or nominated officer may authorise advances on the imprest system for petty cash and other purposes as required. Individual payments from such

imprests must not exceed an amount authorised by the Chief Financial Officer and must in all cases be supported by vouchers showing details of the transaction.

10.2.10 Budget holders shall, as soon as possible after 31st March each year and not later than the date specified by the Chief Financial Officer, notify the Finance Department of all outstanding expenditure incurred relating to the previous financial year that has not been notified to the Chief Financial Officer by the raising of a Goods Received Note.

10.2.11 The Chief Executive must ensure that the Trust's SFIs are compatible with established best practice in respect of building and engineering contracts and land and property transactions. The Chief Financial Officer shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within these SFIs.

## **11 EXTERNAL BORROWING AND INVESTMENTS**

### **11.1 External Borrowing**

11.1.1 The Chief Financial Officer will advise the Trust's Board of Directors concerning the Trust's ability to pay dividends on Public Dividend Capital, and interest and repayments on existing and new borrowing including short term overdraft facilities. The Chief Financial Officer is also responsible for reporting periodically to the Trust's Board of Directors concerning all loans and overdrafts.

11.1.2 Any application for a loan or overdraft will only be made by the Chief Financial Officer, as approved by the Trust's Board of Directors.

11.1.3 The Chief Financial Officer will ensure that detailed procedural instructions concerning applications for loans and overdrafts and any other form of financing as required by the Trust's Board of Directors from time to time.

11.1.4 All short term borrowings should be kept to the minimum period of time possible, consistent with the overall cash flow position. Any short term borrowing requirement in excess of one month must be authorised by the Chief Financial Officer and be repayable within 12 months.

11.1.5 All long term borrowing must be consistent with the Annual Plan and be approved by the Trust's Board of Directors.

### **11.2 Investments**

11.2.1 Temporary cash surpluses must be held only in such public or private sector investments as conform to the Trust's Treasury Management Policy.

11.2.2 The Chief Financial Officer is responsible for advising the Trust's Board of Directors on investments and shall report periodically to the Trust's Board of Directors concerning the performance of investments held.

11.2.3 The Chief Financial Officer will ensure that procedural instructions are issued on the operation of investment accounts and on the records to be maintained.

## **12 CAPITAL INVESTMENT, PRIVATE FINANCING, FIXED ASSET REGISTERS AND SECURITY OF ASSETS**

### **12.1 Capital Investment**

12.1.1 The Chief Executive:

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

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

- (a) that a business case is produced setting out:
  - (i) an option appraisal of potential benefits compared with known costs to determine the option with the best return of benefits to costs;
  - (ii) appropriate project management and control arrangements; and
  - (iii) the involvement of appropriate Trust personnel and external agencies.
- (b) that the Director of Operational Finance or Trust's Board of Directors has authorised the costs and revenue consequences detailed in the business case.

12.1.3 For capital schemes where the contracts stipulate stage payments, the Chief Financial Officer will ensure procedures are issued for their management.

12.1.4 The Chief Financial Officer will ensure procedures are issued for the regular reporting of expenditure and commitment against authorised expenditure and for undertaking post project evaluations to evaluate whether the objectives have been met.

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

The Chief Financial Officer or Director of Operational Finance will ensure that guidance is provided to the officer responsible for any scheme:

- (a) specific authority to commit expenditure;
- (b) authority to proceed to tender (see overlap with SFI No. 7); and
- (c) approval to accept a successful tender (see overlap with SFI No. 7).

The Chief Executive will issue a scheme of delegation for capital investment management.

12.1.6 The Chief Financial Officer shall issue procedures governing the financial management of capital investment projects including variations to contract, and valuation for accounting purposes.

## **12.2 Private finance**

12.2.1 When the Trust proposes to use finance which is to be provided from private sources, the following procedures shall apply:

- (a) The Chief Financial Officer shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector;
- (b) Where the sum involved exceeds delegated limits, the business case must be referred for NHSI approval in line with the latest NHSI guidance; and
- (c) The proposal must be specifically agreed by the Trust's Board of Directors.

### **12.3 Asset Registers**

- 12.3.1 The Chief Executive is responsible for ensuring that a proper system exists for the maintenance of registers of assets, taking account of the advice of the Chief Financial Officer concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted on a regular basis.
- 12.3.2 The Trust shall maintain an asset register recording fixed assets.
- 12.3.3 Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:
- (a) properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
  - (b) stores, requisitions and wages records for own materials and labour including appropriate overheads; 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 or invoices.
- 12.3.5 The Chief Financial Officer shall ensure there are procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 12.3.6 The value of each asset shall be depreciated using methods and rates as specified in the Trust's accounting policies.
- 12.3.7 The Chief Financial Officer is responsible for ensuring controls and systems are in place for the Trust to calculate and pay capital charges as required by the Department of Health.

### **12.4 Security of assets**

- 12.4.1 The overall control and security of assets is the responsibility of the Chief Executive.
- 12.4.2 The Chief Executive shall ensure that all directors and officers including heads of departments are aware of these arrangements and their respective responsibilities for ensuring that the asset register is maintained.
- 12.4.3 All discrepancies identified through the verification of physical assets to fixed asset register shall be notified to the Chief Financial Officer.
- 12.4.4 Whilst each employee has a responsibility for the security of the property of the Trust, it is the responsibility of directors and senior employees in all disciplines to apply such appropriate security practices in relation to NHS property as may be determined by the Trust's Board of Directors. Any breach of agreed security practices should be reported to the Chief Financial Officer or Security Officer.
- 12.4.5 Any damage or loss to the Trust's assets must be reported by directors and employees in accordance with the procedure for reporting losses. See Section 14 of these Standing Financial Instructions.
- 12.4.6 Where practical, assets should be marked as Trust property.
- 12.4.7 Inventories shall also be maintained and receipts obtained for:
- (a) equipment on loan; and
  - (b) all contents of furnished lettings.

- 12.4.8 Officers responsible for security shall liaise with the appropriate budget holder(s) in order to ensure that no equipment is subject to any unreasonable security risk. Persistent breaches of agreed security practices shall be reported to the Chief Executive.

### **13. STORES AND RECEIPT OF GOODS**

#### **13.1 General position**

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

- (a) kept to a minimum;
- (b) subjected as a minimum to an annual physical stocktake (where material); and
- (c) valued at the lower of cost and net realisable value.

#### **13.2 Control of stores, stocktaking, condemnation and disposal**

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

- 13.2.1 The responsibility for security arrangements and the custody of keys for all stores and locations shall be clearly defined in writing by the designated manager / Pharmaceutical Officer / Estates Manager. Wherever practicable, stocks should be marked as Trust property.
- 13.2.2 The Chief Financial Officer is responsible for ensuring that procedures and systems are issued to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.
- 13.2.3 Stocktaking arrangements shall be agreed with the Chief Financial Officer and there shall be a physical check covering all items in store at least once a year. The physical check shall involve at least one independent officer other than the storekeeper. The stocktaking records shall be numerically controlled and signed by the officers undertaking the check. Any surpluses or deficiencies revealed on stocktaking shall be reported to the Director of Operational Finance immediately and they may investigate as necessary. Deficiencies must be reported as loss, see losses section 14.
- 13.2.4 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Chief Financial Officer.
- 13.2.5 The designated Budget holder/Pharmaceutical Officer shall be responsible for a system approved by the Chief Financial Officer for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Director of Operational Finance any evidence of significant overstocking and of any negligence or malpractice (see also SFI 14, Condemnations, Losses, Special Payments and Insurance Arrangements). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.
- 13.2.6 Where the Trust is charged directly by NHS Supply Chain itself for goods supplied to the Trust, then the Director of Operational Finance will ensure adequate controls for checking invoices supplied relate to deliveries received.

- 13.2.7 A sample of goods received shall be checked as regards quantity and/or weight and inspected as to quality and specification. A delivery note shall be obtained from the supplier at the time of delivery and shall be signed by the person receiving the goods. Instructions shall be issued to staff covering the procedure to be adopted in those cases where a delivery note is not available. Particulars of all goods received shall be entered on a goods received record on the day of receipt. If goods are unsatisfactory or short on delivery, they shall only be accepted on the authority of the relevant responsible officer. Where goods are subsequently found to be unsatisfactory, the goods received record shall be marked accordingly. In both cases the suppliers shall be notified immediately the discrepancy is discovered.
- 13.2.8 The issue of stores shall be supported by an authorised requisition note, and a receipt for the stores issued shall be returned to the Department. Where a "topping up" system is used, a record shall be maintained and approved by the Head of Logistics. Regular comparisons shall be made by the designated officers of the quantities issued to wards/departments, etc., and explanations recorded of significant variations.
- 13.2.9 Breakages, deteriorations due to overstocking and other losses of goods in stores shall be recorded as they occur and recorded in the Trust's Losses and Special Payments Register – see SFI 14. Tolerance limits shall be established for all stores subject to unavoidable loss, i.e. shrinkage in the case of certain foodstuffs and natural deterioration of certain goods.
- 13.2.10 Officers responsible for the custody and control of stores must notify losses due to theft, fraud and arson, in accordance with Section 14 of these instructions.
- 13.2.11 The Director of Operational Finance shall be informed of any variations in policy that are likely to result in any significant variation in overall stock levels.

## **14. DISPOSALS AND CONDEMNATIONS, LOSSES, SPECIAL PAYMENTS**

### **14.1 Disposals and condemnations**

- 14.1.1 The Chief Financial Officer is responsible for ensuring that detailed procedures are prepared for the disposal of assets including condemnations, and ensure that these are notified to budget holders.
- 14.1.2 When it is decided to dispose of a Trust asset, the budget holder will seek approval from the Director of Operational Finance for assets with an original cost greater than £5,000, by completing the Trust's official Disposal Form, taking account of professional advice where appropriate.
- 14.1.3 All unserviceable articles shall be:
- (a) condemned or otherwise disposed of by a condemning officer authorised for that purpose by the Chief Financial Officer; and
  - (b) recorded by the Condemning Officer in a form approved by the Chief Financial Officer which will indicate whether the articles are to be converted, destroyed or otherwise disposed of.
- 14.1.4 The Condemning Officer shall satisfy as to whether or not there is evidence of negligence in use and shall report any such evidence to the Chief Financial Officer who will take the appropriate action.

## **14.2 Losses and Special Payments**

- 14.2.1 It shall be the duty and responsibility of every employee of the Trust to promote the greatest possible efficiency and economy in the use of resources provided for the purposes of the Trust and prevent losses of all kinds.
- 14.2.2 The Chief Financial Officer shall ensure procedural instructions are prepared on the recording of and accounting for losses, special payments and insurance arrangements. The Chief Financial Officer must arrange for a 'fraud response plan' that sets out the action to be taken by both persons detecting a suspected fraud and those persons responsible for investigating it.
- 14.2.3 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Chief Financial Officer must immediately notify:
- (a) the Trust's Board of Directors; and
  - (b) the Trust's external auditor.
- 14.2.4 The Audit Committee shall acknowledge the writing-off of losses. The Audit Committee shall delegate its responsibility for the approval of write-off and authorisation of special payments to the Chief Executive and Chief Financial Officer in line with the Scheme of Delegation limits.
- 14.2.5 The Chief Financial Officer shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.
- 14.2.6 For any loss, the Chief Financial Officer should consider whether any insurance claim can be made against insurers.
- 14.2.7 The Chief Financial Officer is responsible for ensuring that a Losses and Special Payments register is maintained in which write-off action is recorded.
- 14.2.8 No special payments exceeding delegated limits determined by the Trust's Board of Directors shall be made without the prior approval of the Chief Financial Officer.
- 14.2.9 Every loss shall be recorded without delay on the Trust's losses register to be maintained by the Chief Financial Officer and investigated in such a manner as the Chief Financial Officer may require. Write-off action shall be recorded for each entry in the register.
- 14.2.10 The Chief Financial Officer shall submit to the Audit Committee a summary of losses at least annually.
- 14.2.11 Rules for ex-gratia payments and delegated limits for the purposes of this section of Standing Financial Instructions are set out in the Scheme of Delegation appendix.
- 14.2.12 All out of court settlement or payments in respect of personal injury and clinical negligence cases must be approved by the Chief Executive if they exceed the ex gratia payments above.

## **15. INFORMATION TECHNOLOGY**

### **15.1 Responsibilities and duties of the Medical Director**

- 15.1.1 The Medical Director is responsible for ensuring that systems are in place to ensure the accuracy and security of the computerised financial data of the Trust and shall:
- (a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Trust's data, programs and computer hardware for which the Director is responsible, from deletion or modification, theft or damage, accidental or



intentional disclosure to unauthorised persons, having due regard for the Data Protection Act 1998;

- (b) ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;
- (c) ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment; and
- (d) ensure that an adequate audit trail exists through the computer system and that such computer audit reviews are carried out as the Director may consider necessary.

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

## **15.2 Contracts for computer services with other health bodies or other agencies**

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

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

## **15.3 Risk assessment**

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

## **15.4 Requirements for computer systems which have an impact on corporate financial systems**

15.4.1 Where computer systems have an impact on Trust financial systems the Chief Financial Officer shall satisfy that:

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

## **16. PATIENTS' PROPERTY**

### **16.1 The Trust's responsibility to provide safe custody**

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

or dead on arrival. Such property should be dealt with in accordance with these instructions.

- 16.1.2 Within the community setting it is the patient's responsibility to ensure the storage and safe keeping of their property. If the adult is admitted to hospital and it appears there is a danger of loss or damage to the property of the adult, the relevant Local Authority must be informed.

In the exceptional circumstance an employee becomes responsible for the safe custody of a patients movable property in the community setting they will follow the Trust's SFI's for the administration of the property of patients.

- 16.1.3 The Chief Executive is responsible for ensuring that patients or their guardians, as appropriate, are informed where possible before or at admission by:
- notices and information booklets;
  - hospital admission documentation and property records; and/or
  - 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.

- 16.1.4 The Chief Financial Officer is responsible for ensuring that detailed written instructions are produced on the collection, investment, recording, safekeeping and disposal of patients' property (including instructions on the disposal of the property of deceased patients and of patients transferred from other premises) for all staff whose duty is to administer in any way, the property of patients. Due care should be exercised in the management of any patients' money in order to protect the value of the asset.
- 16.1.5 Where the opening of separate accounts for patients' monies is required, these shall be opened and operated under arrangements specified by the Chief Financial Officer. Monies deposited in excess of the patients' needs shall be secured in accordance with arrangements specified with the Chief Financial Officer.
- 16.1.6 In all cases where property of a deceased patient is 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, (unless Probate or Letters of Administration are produced).
- 16.1.7 Employees should be informed, on appointment, by the appropriate manager of their responsibilities and duties for the administration of the property of patients.
- 16.1.8 Where patients' property or income is received for specific purposes and held for safekeeping the property or income shall be used only for that purpose, unless any variation is approved by the donor in writing.
- 16.1.9 It shall be the duty of every employee of the Trust into whose personal custody any money or other property of a patient is received to comply with the requirements of Standing Financial Instruction which details cash handling requirements.

Valuable articles shall be dealt with in the same way as cash.

- 16.1.10 A Patients' Property Record in a form determined by the Chief Financial Officer shall be completed in respect of the following:

- (a) Property handed in for safe custody by any patient or guardian, as appropriate; and
- (b) Property taken into safe custody having been found in the possession of:
  - (i) mentally disordered patients;
  - (ii) confused and/or disorientated patients;
  - (iii) unconscious patients;
  - (iv) patients dying in hospital;
  - (v) persons found to be dead on arrival at hospital; and
  - (vi) patients severely incapacitated for any other reason.

A record shall be completed in respect of all persons in category 16.1.9 (b) including a nil return if no property is taken into safe custody.

- 16.1.11 The Patient's Property Record shall be completed by an officer of the Trust in the presence of the patient or guardian as appropriate. It shall then be signed by both the officer of the Trust and by the patient/guardian, except where the patient is restricted by physical or mental incapacity and not represented by a guardian, in which case two officers of the Trust shall act. Any alteration shall be validated by signatures as required for the original entry on the Record.
- 16.1.12 Property handed over for safe custody shall be placed in the care of the officer nominated by the Chief Executive, unless such a person is not available, in which case the property shall be placed into the care of the most senior member of the nursing staff on duty. Cash received from patients for safe custody shall be either paid into the Trust's bank account or securely kept in a safe.
- 16.1.13 Except as provided below in paragraphs 16.1.13 to 16.1.14, refunds of cash handed in for safe custody will be dealt with in accordance with the provisions of HM(71)90, and any subsequent amendments thereto. Property other than cash which has been handed over for safe custody shall be returned to the patient/guardian, as required, by the officer who has been responsible for its security. The return shall be receipted by the patient or guardian as appropriate, and witnessed.
- 16.1.14 The disposal of property of deceased patients shall be effected by the officer who has been responsible for its custody. Such disposal shall be in accordance with the written instructions issued (as referred to in 16.1.12 above).
- 16.1.15 In respect of a deceased patient's property, if there is no Will and no lawful kin, the property vests with the Crown, and particulars shall, therefore, be notified to the Treasury Solicitor.
- 16.1.16 Where arrangements for burial or cremation are not made privately, any cash of the estate held by the Trust shall be appropriated towards funeral expenses. Any funeral expenses necessarily borne by the Trust are a first charge on a deceased person's estate. No other expenses or debts shall be discharged out of the estate of a deceased patient.

## **17. FUNDS HELD ON TRUST**

### **17.1 Corporate Trustee**

- 17.1.1 The discharge of Royal Devon and Exeter NHS Foundation Trust's corporate trustee responsibilities are distinct from its responsibilities for exchequer funds and may not necessarily be discharged in the same manner, but there must still be adherence to the overriding general principles of financial regularity, prudence and propriety. Trustee responsibilities cover both charitable and non-charitable purposes.

The Chief Financial Officer is responsible for ensuring systems are in place to ensure that funds are appropriately managed with regards to their purpose.

## **17.2 Accountability to Charity Commission and Secretary of State for Health**

17.2.1 The Trustee responsibilities must be discharged separately and full recognition given to the Trust's dual accountabilities to the Charity Commission for charitable funds held on trust and to the Secretary of State for all funds held on trust.

17.2.2 The 'Matters Reserved for the Board' and the 'Scheme of Delegation' appendices make clear where decisions regarding the exercise of discretion regarding the disposal and use of the funds are to be taken and by whom. All Trust's Board of Directors and Trust officers must take account of that guidance before taking action.

17.2.3 In so far as it is possible to do so, most of the sections of these SFIs will apply to the management of funds held on trust. The overriding principle is that the integrity of each fund must be maintained and statutory and charity obligations met. Materiality must be assessed separately from the Exchequer activities and funds.

## **17.3 Procedures**

17.3.1 The Chief Financial Officer shall ensure that written instructions are produced on the general operation of all Trust Funds.

17.3.2 The Chief Financial Officer shall periodically review the funds in existence and shall make recommendations to the Trust's Board of Directors regarding the potential for rationalisation of such funds within statutory guidelines.

## **17.4 Incoming resources**

17.4.1 All gifts accepted shall be received and held in the name of the Royal Devon and Exeter NHS Foundation Trust and administered in accordance with policy, subject to the terms of specific trusts. As the Royal Devon and Exeter NHS Foundation Trust can accept gifts only for any purposes relating to the Health Service, officers shall, in cases of doubt, consult the Chief Financial Officer before accepting any gifts. Advice to the Trust's Board of Directors on the financial implications of fund-raising activities by outside bodies or organisations shall be given by the Chief Financial Officer.

17.4.2 In respect of **Donations**, the Chief Financial Officer shall:

- (a) ensure guidelines are provided to officers of the Trust as to how to proceed when offered funds. The guidelines are to include:
  - (i) the identification of the donors intentions;
  - (ii) where possible, the avoidance of new trusts;
  - (iii) the avoidance of impossible, undesirable or administratively difficult objects;
  - (iv) sources of immediate further advice;
  - (v) treatment of offers of personal gifts; and
- (b) ensure that secure and appropriate receipting arrangements are in place that will indicate that funds have been accepted directly into the Royal Devon and Exeter NHS Foundation Trust General Charity and that the donor's intentions have been noted and accepted.

17.4.3 All gifts, donations and proceeds of fund-raising activities which are intended for the Charity's use shall be paid in to the General Office, to be banked and credited to the fund.

17.4.4 In respect of **Legacies and Bequests**, the Chief Financial Officer shall:

- (a) provide guidelines to officers of the Trust covering any approach regarding:
  - (i) the wording of wills;
  - (ii) the receipt of funds/other assets from executors;
- (b) be the Trust's nominee in order to obtain a legacy due to the Trust and shall 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.

17.4.5 The Chief Financial Officer shall be kept informed of all enquiries regarding legacies and shall keep an appropriate record. All correspondence concerning a legacy shall be dealt with on behalf of the Trust by the Chief Financial Officer who shall be empowered to give an executor or other personal representative a good discharge.

17.4.6 In respect of **Fund-raising**, the Chief Financial Officer shall:

- (a) deal with all arrangements for fund-raising by and/or on behalf of the Trust and ensure compliance with all statutes and regulations. Shall be required to advise the Trust's Board of Directors on the financial implication of any proposal for fund-raising activities which the Trust may initiate, sponsor or approve;
- (b) be empowered to liaise with other organisations/persons raising funds for the Trust and shall approve the proposed arrangements for raising funds and remitting funds raised to the Trust. The Chief Financial Officer shall give approval for such fund-raising subject to the overriding direction of the Trust's Board of Directors;
- (c) be responsible for alerting the Trust's Board of Directors to any irregularities regarding the use of the Trust's name or its registration numbers; and
- (d) be responsible for the appropriate treatment of all funds received from this source.

17.4.7 In respect of **Trading Income**, the Chief Financial Officer shall:

- (a) be responsible for any trading undertaken by the Trust as corporate trustee; and
- (b) be responsible for the appropriate treatment of all funds received from this source.

17.4.8. In respect of **Investment Income** the Chief Financial Officer shall be responsible for the appropriate treatment of all dividends, interest and other receipts from this source (see SFI 17.5 below).

## **17.5 Investment management**

17.5.1 The Chief Financial Officer shall be responsible for all aspects of the management of the investment of funds held on trust; such investments shall be invested in accordance with the Charity's policy and subject to statutory requirements. The issues on which she shall be required to provide advice to the Trust's Board of Directors shall include:

- (a) the formulation of investment policy within the powers of the Charity under statute and within governing instruments to meet its requirements with regard to income generation and the enhancement of capital value;
- (b) the appointment of advisers, brokers, and, where appropriate, fund managers and:
  - (i) the Chief Financial Officer shall agree the terms of such appointments; and for which

- (ii) written agreements shall be signed by the Chief Executive;
- (c) pooling of investment resources and the preparation of a submission to the Charity Commission for them to make a scheme;
- (d) the participation by the Charity in common investment funds and the agreement of terms of entry and withdrawal from such funds;
- (e) that the use of Charity assets shall be appropriately authorised in writing and charges raised within policy guidelines;
- (f) the review of the performance of brokers and fund managers; and
- (g) the reporting of investment performance.

17.5.2 All share and stock certificates and property deeds shall be deposited either with the bankers or investment managers acting on behalf of the Trustee or in a safe, or a compartment within a safe, to which only the designated responsible officers shall have access.

## **17.6 Banking services**

17.6.1 The Chief Financial Officer shall advise the Trust's Board of Directors and, with its approval, shall ensure that appropriate banking services are available to the Charity. These bank accounts should permit the separate identification of liquid funds to each trust where this is deemed necessary by the Charity Commission.

## **17.7 Asset management**

17.7.1 Assets in the ownership of or used by the Charity, shall be maintained along with the general estate and inventory of assets of the Trust. The Chief Financial Officer shall ensure:

- (a) that appropriate records of all assets owned by the Trust as corporate trustee are maintained, and that all assets, at agreed valuations, are brought to account;
- (b) that appropriate measures are taken to protect and/or to replace assets;
- (c) that donated assets received are accounted for appropriately; and
- (d) that all assets acquired from Charitable Funds which are intended to be retained within the Charity funds are appropriately accounted for.

## **17.8 Reporting**

17.8.1 The Chief Financial Officer shall ensure that reports are made at least annually to the Trust's Board of Directors with regard to the receipt of funds, investments and the disposition of resources.

17.8.2 The Chief Financial Officer shall prepare annual accounts in the required manner which shall be submitted to the Corporate Trustee within agreed timescales.

17.8.3 The Chief Financial Officer shall arrange for an Annual Report and Accounts to be prepared and the required returns to be submitted to the Charity Commission.

## **17.9 Accounting and audit**

17.9.1 The Chief Financial Officer 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 Chief Financial Officer shall ensure that the records, accounts and returns receive adequate scrutiny by internal audit during the year and will liaise with external audit and provide them with all necessary information.

17.9.3 The Trust's Board of Directors shall be advised by the Chief Financial Officer on the outcome of the annual audit. The Chief Executive shall submit the Management Letter to the Corporate Trustee.

#### **17.10 Administrative costs**

17.10.1 The Chief Financial Officer shall identify all administrative costs directly incurred by the Charitable Funds Department and, in agreement with the Trust's Board of Directors, shall charge such costs to the appropriate charitable funds.

#### **17.11 Taxation and excise duty**

17.11.1 The Chief Financial Officer shall ensure that the Charity's liability to taxation and excise duty 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.

### **18. RETENTION OF DOCUMENTS**

18.1 The Chief Executive is responsible for ensuring that a proper system is in place for maintaining archives for all documents required to be retained in accordance with Department of Health Guidelines.

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

18.3 Records held in accordance with the latest Department of Health Guidance shall only be destroyed at the express instigation of the Chief Executive. Details shall be maintained of the documents so destroyed.

### **19. RISK MANAGEMENT AND INSURANCE**

#### **19.1 Programme of risk management**

19.1.1 The Chief Executive is responsible for ensuring that a proper system is in place to ensure that the Trust has a programme of Risk Management which will be approved and monitored by the Trust's Board of Directors.

19.1.2 The programme of risk management shall include:

- a) a process for identifying and quantifying risks and potential liabilities;
- b) engendering among all levels of staff a positive attitude towards the control of risk;
- c) management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control, control effective insurance cover, and decisions on an acceptable level of risk;
- d) contingency plans to offset the impact of adverse events;
- e) audit arrangements including: internal audit; clinical audit; health and safety review; and
- f) arrangements to review the risk management programme.

The existence, integration and evaluation of the above elements will provide a basis to make a statement on the effectiveness of Internal Financial Control within the Annual Report and Accounts as required by NHSI.

#### **19.2 Insurance arrangements**

19.2.1 The Chief Financial Officer shall ensure that insurance arrangements exist in accordance with the risk management programme.

- 19.2.2 The Chief Financial Officer shall be informed of any insurance cover to be effected on behalf of the Trust and of any negotiations concerning insurance claims.
- 19.2.3 The Chief Financial Officer shall be notified of all new risks, properties, vehicles, and other assets which require to be insured and of any alterations affecting insurances.
- 19.2.4 The Chief Financial Officer shall be notified immediately in writing of any loss, liability or damage or any event likely to lead to a claim.
- 19.2.5 At, or before, the beginning of each financial year the Trust's Board of Directors will consider and approve the insurance and risk management arrangements for the Trust.

**20. OPERATION OF SHARED SERVICES ON BEHALF OF OTHER NHS BODIES**

- 20.1 Royal Devon & Exeter NHS Foundation Trust staff may operate shared service functions on behalf of other NHS Bodies.
- 20.2 Where the Royal Devon & Exeter NHS Foundation Trust operates shared services these will be subject to the normal audit requirements as set out in Standing Financial Instructions.
- 20.3 Where the Royal Devon & Exeter NHS Foundation Trust operates shared financial services then the Standing Orders and SFIs of the customer organisation will apply.
- 20.4 Determination of which SFI/SO/Scheme of Delegation applies to staff at shared service in any particular instance will be determined by the Chief Financial Officer of the Royal Devon & Exeter NHS Foundation Trust.
- 20.5 Where the above SFIs are found to be inconsistent with the operational needs of a shared service the Chief Financial Officer of the Royal Devon & Exeter NHS Foundation Trust will formally approve the amendments and report the change to the Trust's Board of Directors at the earliest opportunity.



## Section 2 – Scheme of Delegation

### 21. INTRODUCTION

#### 21.1 General

21.1.1 Subject to any directions to the contrary by NHSI or the Trust itself, the Trust may make arrangements for the exercise of any of its functions, by a Committee, Sub-Committee or Joint Committee with another corporate body, or by an officer of the Trust. The Code of Governance also requires that there should be a formal schedule of matters specifically reserved to the Trust's Board of Directors.

21.1.2 The purpose of this document is to provide details of the powers reserved to the Trust's Board of Directors – generally matters for which it is held accountable to NHSI, while at the same time delegating to the appropriate level the detailed application of Trust policies and procedures. However, the Trust's Board of Directors remains accountable for all of its functions, even those delegated to the Chairman, individual directors or officers and would therefore expect to receive information about the exercise of delegated functions to enable it to maintain a monitoring role.

#### 21.2 Role of the Chief Executive

21.2.1 All powers of the Trust which have not been retained as reserved by the Trust's Board of Directors or delegated to an executive committee or sub-committee shall be exercised on behalf of the Trust's Board of Directors by the Chief Executive. The Chief Executive shall prepare a Scheme of Delegation identifying which functions they shall perform personally and which functions have been delegated to other directors and officers.

21.2.2 All powers delegated by the Chief Executive can be re-assumed by him/her should the need arise. As Accountable Officer the Chief Executive is accountable to Parliament for the funds entrusted to the Trust.

#### 21.3 Caution over the use of delegated powers

21.3.1 Powers are delegated to directors and officers on the understanding that they would not exercise delegated powers in a matter which in their judgement was likely to be a cause for public concern.

#### 21.4 Directors' ability to delegate their own delegated powers

21.4.1 The Scheme of Delegation shows only the "top level" of delegation within the Trust. The Scheme of Delegation is to be used in conjunction with the system of budgetary control and other established procedures within the Trust.

#### 21.5 Absence of Directors or Officer to whom powers have been delegated

21.5.1 In the absence of a director or officer to whom powers have been delegated those powers shall be exercised by that director's or officer's nominated deputies unless alternative arrangements have been approved by the Trust's Board of Directors. If the Chief Executive is absent powers delegated to him/her will be designated to a nominated Executive Director or in their absence the Chairman.

### 22 MATTERS RESERVED FOR THE TRUST'S BOARD OF DIRECTORS

#### 22.1 Introduction

22.1.1 In any effective organisation a degree of delegation will be required, as it is impossible for the Trust's Board of Directors to have a hands-on involvement in every area of the organisation's business. That said, there are a number of matters which must be considered and/or decided upon by the Trust's Board of Directors. Appendix 1 lists those

“Matters Reserved for the Trust’s Board of Directors” which require the Trust’s Board of Directors’s specific consideration, approval or agreement.

These will, in general terms, include matters concerning:

- Values and standards;
- Strategic direction and aims;
- Investment planning;
- Performance management;
- Capital planning and major contracts;
- Financial planning and borrowing;
- Policies affecting the Trust, patients and staff as a whole;
- Internal control and risk management oversight; and
- Statutory reporting requirements.

22.1.2 NHSI’s code of Governance and compliance Framework provide more advice on the level of Board involvement to be expected but stops short of suggesting those specific matters which must be approved by the board. The Trust’s Board of Directors has approved the Scheme of Delegation document, which includes the Matters Reserved for the Board (Appendix 1) and the Scheme of Delegations (Appendices 2 and 3).

## **22.2 Interface with the Council of Governors**

22.2.1 As stated in the constitution the responsibility for the operational and financial management of the Trust on a day-to-day basis rests with the Trust’s Board of Directors, and all the powers of the Trust are vested in them.

The specific responsibilities of the governors are to:

- Appoint/remove the Chairman and Non-executive Directors;
- Approve the appointment of the Chief Executive; and
- Appoint the Trust’s auditors.

They must also:

- Be presented with the annual report and accounts; and
- Receive a briefing on the annual plan, and progress against the plan.

## **23 DELEGATION OF POWERS**

### **23.1 Delegation to Committees**

The Trust’s Board of Directors may determine that certain of its powers shall be exercised by Standing Committees. The composition and terms of reference of such committees shall be that determined by the Trust’s Board of Directors from time to time taking into account where necessary the requirements of NHSI. The Trust’s Board of Directors shall determine the reporting requirements in respect of these committees. In accordance with SO 4.1 committees may not delegate executive powers to sub-committees unless expressly authorised by the Trust’s Board of Directors.

Where any conflict arises with the Trust’s Constitution, the requirements of the Constitution will always take precedence over the instructions contained in this document.

## **23.2 Scheme of Delegation to Officers**

Standing Orders and Standing Financial Instructions set out the financial responsibilities of the Chief Executive, the Chief Financial Officer and other directors in some detail.

This Scheme of Delegation covers only matters delegated to the Trust's Board of Directors and certain other specific matters referred to in the SFIs. Each director is responsible for the delegation within his/her directorate.

The Scheme of Delegation including financial limits is given in Appendix 2.

## **APPENDIX 1 - MATTERS RESERVED FOR THE BOARD**

### **Matters reserved for the Trust's Board of Directors – Strategy**

**The Trust's Board of Directors has agreed that its consideration or approval is required for any of the following:**

- 1) Strategic aims and directions (after consultation with Council of Governors);
- 2) Capital plan to implement the strategic directions;
- 3) All business cases relating to major capital projects (major is defined as those with combined revenue and capital expenditure over 5 years of more than £2m);
- 4) Annual Plan submission to NHSI;
- 5) Borrowing requirements of any sort;
- 6) Any proposal to cease the provision of commissioner requested services, or education and training as listed in Schedules 2 and 3 of the terms of authorisation;
- 7) Disposal of any of any of the Trust's Land and Buildings and any other fixed assets with a market value greater than £1million;
- 8) Investment in equities or commercial (or other) organisations; and
- 9) Changes to the Trust's Board of Directors structure.

### **Matters reserved for the Trust's Board of Directors – Oversight, Control and Assurance**

**The Trust's Board of Directors has agreed that its consideration or approval is required for any of the following:**

- 1) Annual Report, Annual Account, and Summary Financial Statements;
- 2) Quarterly assurance framework report and the corporate risk register;
- 3) Quarterly finance reports sent to NHSI;
- 4) Proposed amendments to the Terms of Authorisation;
- 5) Trust Standing Orders and amendments thereto, or suspension thereof;
- 6) Establishment of, and terms of reference for, Board committees;
- 7) Continuous appraisal of the Trust's financial and operational performance;
- 8) Standing Financial Instructions and amendments thereto;
- 9) Annual review of Directors' Notifications of Interest;
- 10) Expenditure in excess of the financial limits in the Scheme of Delegation;
- 11) Appropriate external and internal audit arrangements are in place;
- 12) Continuation in office of any director, including the suspension or termination of an executive director's service as an employee;
- 13) Annual review of (whole) Board effectiveness;
- 14) Any new notification of interest by a director since the last annual review;
- 15) Appointment or removal of the Foundation Trust Secretary;
- 16) Proposals for the write off of losses (where any proceeds are likely to be less than cost of recovery), or making of special payment that are above the limits of delegation to the Chief Executive and Chief Financial Officer;
- 17) The schedules, 'Matters Reserved for the Trust's Board of Directors' and 'Scheme of Delegation';
- 18) The nomination and appointment of the Vice Chairman and Senior Independent Director for ratification of CoG.

### **Matters reserved for the Trust's Board of Directors – Operational**

**The Trust's Board of Directors has agreed that its consideration or approval is required for any of the following:**

- 1) Breach, or possibility of breaching, of the Government's core healthcare targets;
- 2) Non-compliance with the Care Quality Commission's standards;
- 3) Litigation against, or on behalf of, the Trust; and
- 4) Serious untoward incidents.

### **Matters reserved for the Trust's Board of Directors – Other**

**The Trust's Board of Directors has agreed that its consideration or approval is required for the following:**

- 1) Any matter which the Trust's Board of Directors considers significant to the organisation.

## APPENDIX 2 - SCHEME OF DELEGATION

The following only apply to the operation of the Royal Devon and Exeter NHS Foundation Trust and not to the Shared Services it operates on behalf of other NHS bodies. Any Shared Services User Board will agree the Scheme of Delegation shared services will operate under.

Delegated matters in respect of decisions which may have a far reaching effect must be reported to the Chief Executive. **The delegation shown below is the lowest level to which authority is delegate.** Delegation to lower level is only permitted with written approval of the Chief Executive who will, before authorising such delegation, consult with other Senior Officers as appropriate.

All items concerning Finance must be carried out in accordance with Standing Financial Instructions and Standing Orders.

DUTIES	Delegated to	Ref
<b>Interpretation of SOs and SFIs and ensuring staff are aware of responsibility</b>		
<u>Final authority on interpretation of SOs and SFIs</u>		
1) Final authority in interpretation of SOs.	CH	SO 1.4
2) Final authority in interpretation of SFIs.	CFO	SFI 1.1.4
<u>Ensuring staff are aware of their responsibility under SFIs</u>		
1) That existing employees and all new employees are notified of their responsibilities within SFIs.	CE	SFI 1.1.5
<b>Internal Audit, External Auditor and Counter Fraud</b>		
<u>Internal audit</u>		
1) Provide independent and objective view on internal control.	AC	SFI 2.1.1
2) Review, appraise and report in accordance with SFIs.	Head of Internal Audit	SFI 2.3
<u>Counter Fraud</u>		
1) Carry out all work to counter fraud and corruption in accordance with service contracts.	CFO	SFI 2.5
2) Investigate any suspected cases of irregularity not related to fraud or corruption and not covered by work to counter fraud and corruption.	CFO / Head of Internal Audit	SFI 2.3.1 / 2.5.1
<u>Cost effective external audit</u>		
1) Ensure a cost-effective external audit.	AC	SFI 2.4.1
<b>Budgets</b>		
<u>Delegation of budgets, systems of control and submission of returns</u>		
1) Formulating overall financial strategy and approval of budgets within overall forecast income.	Trust's Board of Directors	SFI 1.3.1
2) Delegate budget (pay and non-pay) to Divisions and Directorates.	Trust's Board of Directors	Budget Approval Flowchart
3) Delegate budgets to clusters and budget holders.	DD and SDM	Budget Approval Flowchart
4) Monitor performance against budget, submit to Trust's Board of Directors financial estimates and forecasts.	CFO	SFI 3.3
5) Submit budgets to the Trust's Board of Directors.	CFO	SFI 3.1
6) Devise and maintain systems of budgetary control	CFO	SFI 3.3

<b>APPENDIX 2 - SCHEME OF DELEGATION</b>		
<b>DUTIES</b>	<b>Delegated to</b>	<b>Ref</b>
<b>Budgets continued</b>		
<u>Keeping expenditure within budget*</u>		
1) The following groups / roles are responsible for ensuring that expenditure does not exceed the budget:		
a) Central Reserves Budget	Exec Group (part of SDG)	SFI 3.3.2
b) Divisional Budget	DD	SFI 3.3.2
c) Capital Budget	Exec Group (part of SDG)	SFI 3.3.2
d) Capital Equipment Replacement Budget and Estates Infrastructure Budget	OB **	SFI 3.3.2
e) Capital Contingency Reserve	OB **	SFI 3.3.2
f) Revenue Development Reserve	Exec Group (part of SDG)	SFI 3.3.2
g) Revenue Contingency Reserve (Scoreboard)	OB **	SFI 3.3.2
h) Departmental Budget	Budget Holder	SFI 3.3.2
** COO or DoOF in exceptional circumstances		
<u>Budget Reports</u>		
1) Responsible for the production, distribution and interpretation of Budget Reports	Head of Financial Management	SFI 3.3.1
<u>Cost Improvement Programme</u>		
1) Responsible for the design of the process to Identify and implement cost improvements and income generation initiatives in accordance with the requirements of the Annual Business Plan.	DoF	SFI 3.1.3
2) Responsible for the delivery of the cost improvements and the income generation initiatives.	Exec Directors	SFI 3.1.3
* Budget Approval System as detailed in Appendix 4		
<b>Revenue Business Cases</b>		
<u>Approval (signature) of Revenue CRICS</u>		
1 Additional revenue funding for cases:		
a) Recurring or non-recurring revenue CRICs up to £500k (over 1 - 5 years)	OB	SFI 3.3
b) Recurring or non-recurring revenue CRICs over £500k up to £2m (over 1 - 5 years)	Exec Group (part of SDG)	SFI 3.3
c) All recurring and non-recurring revenue expenditure from £2,000,000 (over 1 - 5 years)	Trust's Board of Directors	SFI 3.3
<b>Patient and non-patient income and charges</b>		
<u>Ensuring robust systems for identifying income</u>		
1) Ensure robust systems are in place for identifying income	CFO	SFI 6.1.1
<u>Contracts, fees and charges</u>		
1) Negotiate contracts for the provision of services.	CE or CFO	SFI 8.1.1
2) Set the price of all contracts	CE or CFO	SFI 8.1.1
3) Sign contracts and variations.	CE or CFO	SFI 8.2.1
4) Set private patient fees	Private Patients Manager	SFI 6.2.2
5) Set Overseas Visitors fees	Private Patients Manager	SFI 6.2.2
6) Approve income generation and service specifications for patient and non-patient services (However, contracts to be signed by the above)	DD or SDM	SFI 6.2.2
7) Sign contracts and variations for non-patient income up to £2m.	DoOF	SFI 6.2.2

<b>APPENDIX 2 - SCHEME OF DELEGATION</b>		
<b>DUTIES</b>	<b>Delegated to</b>	<b>Ref</b>
<b>Workflow expenditure approval</b>		
<u>Limits for approval of budgeted expenditure, not incurred via the Procurement route, within Workflow</u>		
1) a) Expenditure up to £15,000	Authorised budget holders	
b) Expenditure from £15,000 up to £90,000	ED or DD or CM*	
c) Expenditure from £90,000 up to £2,000,000	DoOF or CFO or CE	
d) Expenditure from £2,000,000	Trust's Board of Directors	
* DD may delegate to a Senior Manager by submitting a signed Agresso User Access/Authority form.		
<b>Bank accounts, borrowing, investments and petty cash</b>		
<u>Responsibility for bank accounts</u>		
1) 1) Banking arrangements and those of Shared Financial Services operated by RD&E staff on behalf of other NHS bodies.	CFO	SFI 5.1.1
<u>Operations of bank accounts</u>		
1) Open any bank account in the name of the Trust.	CFO	SFI 5.3.2
2) Transfer of funds between Trust bank accounts	Cash Management Manager	SFI 5.3.1
3) Investment of surplus funds (in line with Board mandate)	CFO or DoOF	SFI 11.2
<u>Borrowing</u>		
1) Advise Trust's Board of Directors on borrowing and investment needs and prepare procedural instructions.	CFO	SFI 11.1.1
2) Authorising (signature) borrowing - approval rests with the Board of Directors	CFO	SFI 11.1.2
<u>Operations of petty cash</u>		
1) Reimbursements of:		
a) Expenditure up to £50 per item	Petty cash holder or authorised signatories	SFI 10.2.9
b) Reimbursement of patients monies up to £100	Petty cash holder or authorised signatories	SFI 10.2.9
c) Reimbursement of patients monies in excess of £100	Cash Management Manager	SFI 10.2.9
<b>Granting, extension to and termination of leases</b>		
<u>Granting, extension to and termination of leases</u>		
1) Letting of premises to outside organisations	CE or CFO	SFI 6.2
2) Extensions to existing leases	CFO	SFI 6.2
3) Approval of rent based on professional assessment		
a) Up to £250,000 per annum	DoOF	SFI 6.2
b) From £250,000 to £2,000,000 per annum	CFO	SFI 6.2
c) From £2,000,000	Trust's Board of Directors	SFI 6.2
4) Termination of leases	CE or CFO	SFI 6.2
<u>Staff accommodation leases</u>		
1) Preparation and signature of all tenancy agreements / licences for all staff subject to Trust Policy on accommodation for all staff.	Head of Commercial Services	SFI 6.2

<b>APPENDIX 2 - SCHEME OF DELEGATION</b>		
<b>DUTIES</b>	<b>Delegated to</b>	<b>Ref</b>
<b>Procurement</b>		
<u>Thresholds for obtaining tendering and quotations</u>		
1) Expenditure up to £15,000	All staff	SFI 7.3.1
a) single or competitive formal Trust quotation; or	All staff	SFI 7.3.1
b) Supplier quotation verified by Procurement Dept. or Estates; or		
c) Confirmed price either from published catalogue or agreed with proposed supplier.	All staff	SFI 7.3.1
2) Expenditure greater than £15,000 up to £50,000		
a) minimum of 3 formal quotes to be issued by and returned to Procurement Dept or Estates.	Procurement Team and Estates Department.	SFI 7.3.1
3) Expenditure greater than £50,000 to OJEU* threshold		
a) formal tender with minimum of three bidders.	Procurement Team and Estates Department.	SFI 7.3.1
4) Expenditure greater than OJEU* threshold		
a) Full OJEU tender	Procurement Team and Estates Department.	SFI 7.3.1
* OJEU determined annually - check with Procurement for current threshold		
<u>Waiving of requirement to tender and/or obtaining quotations</u>		
1) Expenditure up to OJEU limit	HPCS	SFI 7.5 & 7.7
2) Expenditure over OJEU limit to £250,000	DoOF	SFI 7.5 & 7.7
3) Expenditure from £250,000	CE or CFO	SFI 7.5 & 7.7
<u>Transactions that do not require quotations to be obtained</u>		
1) Quotations need not be obtained for:		
a) building and engineering works (including grounds and gardens) of construction and maintenance up to £5,000 ; or	All staff	SFI 7.5
b) other than for building and engineering works of construction and maintenance for transactions up to £5,000.	All staff	SFI 7.5
<u>Requirement to obtaining quotations for tendering waived under SFI 7.6.2 (c) and (d)</u>		
1) Building and engineering works of design, construction and maintenance (including construction and maintenance of grounds and gardens) for transactions between £5,001 and £30,000:		
a) minimum of 3 formal quotes to be issued by and returned to Procurement Dept or Estates.	Procurement Team and Estates Department.	SFI 7.5
2) the supply of goods, materials, manufactured articles, and for the rendering of services not covered by the above, for transactions between £5,001 and £30,000:		
a) minimum of 3 formal quotes to be issued by and returned to Procurement Dept or Estates.	Procurement Team and Estates Department.	SFI 7.5



<b>APPENDIX 2 - SCHEME OF DELEGATION</b>		
<b>DUTIES</b>	<b>Delegated to</b>	<b>Ref</b>
<b>Procurement continued</b>		
<u>Power to authorise the conclusion of contracts</u>		
1) Up to £500,000	HPCS	SFI 7.4.1
2) Above £500,000 up to £2,000,000	DoOF and CFO	SFI 7.4.1
3) Above £2,000,000	Trust's Board of Directors	SFI 7.4.1
4) Above £2,000,000 awarded through the PPSA	CE and CFO (Board to be subsequently advised)	SFI 7.4.1
<u>Opening of non electronic tenders</u>		
1) Acceptance of late tenders	CE or delegated deputy	SFI 7.14
2) Less than £250,000	Two authorised officers (approved by DoOF)	SFI 7.6.1
3) From £250,000 up to £500,000	CE or CFO and one nominated officer	SFI 7.6.1
4) Greater than £500,000	NED and two authorised officers.	SFI 7.6.1
<u>Issuing and use of official orders</u>		
1) Authorise who may use and be issued with official orders.	CE	SFI 10.2.3
<b>Personnel, recruitment, pay, time off in-lieu and leave</b>		
<u>Recruitment - responsible for the process of:</u>		
1) Approval of all posts prior to establishment	DT	SFI 9.3
2) Approval of detailed contracts of employment and issue of same	DT	SFI 9.5.1
3) Detailed interpretation and approval of recommendation levels for individuals/staff groups	DT	SFI 9.3
<u>Pay</u>		
1) Authority to authorise overtime	Budget holder	SFI 9.4
2) Authority to authorise travel & subsistence expenses	Budget holder	SFI 9.4
<u>Leave</u>		
1) Annual leave		
a) Calculation of leave entitlement on recruitment	Recruitment	
b) Calculation of annual leave entitlement	Line Manager	
c) Approval of leave requests	Line Manager	
d) Annual leave – approval to carry forward up to and including 5 days	Line Manager	
e) Annual leave – approval to carry forward greater than 5 days	DD / DBM /CM / SDM	
<b>DUTIES</b>	<b>Delegated to</b>	<b>Ref</b>
<b>Personnel, recruitment, pay, time off in-lieu and leave continued</b>		

## APPENDIX 2 - SCHEME OF DELEGATION

2)	Compassionate leave		
a)	Granting compassionate leave up to and including 3 days	Line Manager	
b)	Granting compassionate leave up to and including 6 days	DD / DBM /CM / SDM	
c)	Granting compassionate leave greater than 6 days	ED	
3)	Granting special leave arrangements	ED	
4)	Leave without pay	ED	
5)	Maternity Leave – paid and unpaid	Application within guidance will be automatic approved by Line Manager	
6)	Medical Staff Leave of Absence (Paid and unpaid)	DT or CE	
a)	paid leave of absence	MD and CE	
b)	Unpaid leave of absence	MD and CE	
7)	Sick leave - extension of sick leave on full pay		
<u>Time off in lieu</u>			
1)	Granting time off in lieu	Line Manager	
<u>Study Leave</u>			
1)	Approval of study leave		
a)	Study leave outside the UK	Associate Medical Directors	
b)	Medical staff study leave within UK	Associate Medical Directors	
c)	All other study leave within UK	Head of Department / DD / DBM /CM / SDM	
<u>Redundancy</u>			
1)	Approval of redundancy	DT	SFI 9.5.1
<u>Ill-health retirement</u>			
1)	Pursue retirement on the grounds of ill-health	DT	SFI 9.5.1
<u>Dismissal</u>			
1)	Dismissal of staff	Dismissing Officers	As per employment policies and operational briefs (blue book section 3)
<u>Facilities for staff not employed by the Trust to gain practical experience</u>			
1)	Staff not employed by the Trust:		
a)	Professional recognition, honorary contracts, and insurance of medical staff	DD	SFI 9.5
b)	Apprentices	DD	SFI 9.5
c)	Work experience students	DD	SFI 9.5
<b>DUTIES</b>		<b>Delegated to</b>	<b>Ref</b>
<b>Capital</b>			

<b>APPENDIX 2 - SCHEME OF DELEGATION</b>			
<u>Responsible for systems of control for:</u>			
1)	Capital investment programme.	CE	SFI 12.1.1
2)	Ensuring a system exists for the maintenance of register of assets.	CFO	SFI 12.3.1
3)	Determine procedure for reconciliation of fixed asset balances.	CFO	SFI 12.3.5
4)	Overall responsibility for security of fixed assets.	CE	SFI 12.4.1
5)	Responsibility for security of Trust assets including notifying discrepancies to CFO and reporting losses in accordance with Trust procedure.	All staff	SFI 12.4.5
<u>Approval of capital expenditure:</u>			
1)	Overall capital Budget (includes replacement, developmental, contingency, estates infrastructure).	Trust's Board of Directors	
2)	Capital Developmental Budget, within budgets approved by the Board.	Exec Group (part of SDG)	
3)	Capital Equipment Replacement Budget and Estates infrastructure Budget, within budgets approved by the Exec Group (part of SDG).	OB **	
4)	Capital Contingency Reserve, within budget approved by the Exec Group (part of SDG).	OB **	
** COO or DoOF in exceptional circumstances			
<b>Capital business cases</b>			
<u>Authorisation (signature) of Capital CRICS, additional funding requests:</u>			
<u>Included on capital plan:</u>			
1)	Authorising (signature) CRICs approved on the Capital Plan:		
a)	Schemes on Capital Plan and within budget	HFS	SFI 12.1.5
b)	Schemes on Capital Plan and not more than £50,000 above budget.	OB #	SFI 12.1.5
c)	Authorising schemes on Capital Plan and £50,000 or greater above budget	Exec Group (part of SDG) ##	SFI 12.1.5
d)	All schemes over £2 million combined capital and revenue over 5 year period.	Trust's Board of Directors	SFI 12.1.5
	# COO or DoOF in exceptional circumstances		
	## DoF or CN in exceptional circumstances		
<u>Not included on plan:</u>			
1)	Authorising (signature) CRICs approved not included within Capital Plan:		
a)	Capital replacement requests (to delegated limit)	OB	SFI 12.1.5
b)	Developmental capital schemes with combined capital and revenue expenditure over 5 years up to £2,000,000	Exec Group (part of SDG)	SFI 12.1.5
c)	All schemes over £2 million combined capital and revenue over 5 year period.	Trust's Board of Directors	SFI 12.1.5
<b>Post Project Evaluation (PPE) Revenue and Capital Business Cases</b>			
PPEs are required to be produced by the schemes project managers for business cases that meet the following financial thresholds:			
Combined capital and revenue, over a 5 year period >£500k. To be prepared 6 months from service implementation.		OB	
Combined capital and revenue, over a 5 year period >£2m. To be prepared 12 months from service implementation.		Trust's Board of Directors	
<b>DUTIES</b>	<b>Delegated to</b>	<b>Ref</b>	
<b>Management and Control of Stocks</b>			

## APPENDIX 2 - SCHEME OF DELEGATION

<b>APPENDIX 2 - SCHEME OF DELEGATION</b>			
<u>Systems of control</u>			
1)	Responsible for systems of control over stores and receipt including stock control.	CFO	SFI 13.2.2
2)	Identify persons authorised to requisition and accept goods from Trust stores.	HFM	SFI 13.2.2
<u>Management and Control of Stocks</u>			
1)	Responsible for the management and control of:		
a)	Catering stock	Divisional Director - Operations	SFI 13.2
b)	Laundry stock	Divisional Director - Operations	SFI 13.2
c)	Pharmacy stock	Chief Pharmacist	SFI 13.2
d)	Theatre, ward stocks, cardiology, x-ray, wheelchairs and clinical consumables	DD	SFI 13.2
e)	Ward top up stocks	Divisional Director - Operations	SFI 13.2
f)	Estates stocks	Head of Estates	SFI 13.2
g)	Fuel stocks	Divisional Director - Operations	SFI 13.2
<b>DUTIES</b>		<b>Delegated to</b>	<b>Ref</b>
<b>Losses, Special Payments and write-offs</b>			

## APPENDIX 2 - SCHEME OF DELEGATION

<u>Systems of control</u>			
1)	Ensure procedures are prepared for recording and accounting for losses and special payments and informing NHS Executive of all frauds and informing police in cases of suspected arson or theft.	CFO	SFI 14.2.2
<u>Losses and Cash due to theft, fraud, overpayment &amp; others:</u>			
1)	Up to £1,000	HFS	SFI 14.2.11
2)	From, £1,000 up to £5,000	DoOF	SFI 14.2.11
3)	From £5,000 up to £50,000	CE or CFO	SFI 14.2.11
4)	Greater than £50,000	Trust's Board of Directors	SFI 14.2.11
<u>Fruitless Payments (including abandoned Capital Schemes</u>			
1)	Up to £1,000	CFO or DoOF	SFI 14.2.11
2)	From £5,000 up to £50,000	CE or CFO	SFI 14.2.11
3)	Greater than £50,000	Trust's Board of Directors	SFI 14.2.11
<u>Bad Debts and claims abandoned: Private Patients, Overseas visitors &amp; Other</u>			
1)	Up to £1,000	HFS	SFI 14.2.11
2)	From, £1,000 up to £5,000	DoOF	SFI 14.2.11
3)	From £5,000 up to £50,000	CE or CFO	SFI 14.2.11
4)	Greater than £50,000	Trust's Board of Directors	SFI 14.2.11
<u>Damage to buildings, fittings, furniture and equipment and loss of equipment and property in stores</u>			
1)	Up to £1,000	CFO or DoOF	SFI 14.2.11
2)	From £1,000 up to £50,000	CE and CFO or DoOF	SFI 14.2.11
3)	Greater than £50,000	Trust's Board of Directors	SFI 14.2.11
<u>Compensation payments made under legal obligation</u>			
1)	Up to £1,000,000 including Claimant's costs	CE and CFO (Joint Approval)	SFI 14.2.11
2)	Greater than £1,000,000 including Claimant's costs	Trust's Board of Directors	SFI 14.2.11
<u>Extra Contractual payments to contractors</u>			
1)	Up to £1,000	CFO or DoOF	SFI 14.2.11
2)	From £1,000 up to £50,000	CE or CFO or DoOF	SFI 14.2.11
3)	Greater than £50,000	Trust's Board of Directors	SFI 14.2.11
<u>Ex-gratia payments to patients and staff for loss of personal effects</u>			
1)	Up to £100	Patients Services Manager or HFS	SFI 14.2.11
2)	From £100 up to £1,000	HFS or DoOF	SFI 14.2.11
3)	From £1,000 up to £50,000	CE and CFO or DoOF	SFI 14.2.11
4)	Greater than £50,000	Trust's Board of Directors	SFI 14.2.11
<u>For personal injury claims</u>			
1)	Up to £10,000		SFI 14.2.11
a)	Category 7 checklist for claims handled in conjunction with NHSLA authorised by	CE or CFO	SFI 14.2.11
b)	Authorisation of payment of claims to individuals	Trust Solicitor or Assistant Trust Solicitor	SFI 14.2.11
2)	Greater than £10,000	Trust's Board of Directors	SFI 14.2.11
<b>DUTIES</b>		<b>Delegated to</b>	<b>Ref</b>
<b>Disposal of Trust Assets</b>			

<b>APPENDIX 2 - SCHEME OF DELEGATION</b>			
<b>Authority for the disposal of Trust Assets</b>			
1)	Land & Buildings	Matter reserved for the Board	
2)	Disposal of plant and equipment		
a)	Net Book Value up to £15,000	DD and Trust Disposals Officer	SFI 14.1
b)	Net Book Value from £15,000 to £250,000	DD and DoOF	SFI 14.1
c)	Net Book Value from £250,000 up to £1,000,000	DD and CFO	SFI 14.1
d)	Net Book Value from £1,000,000	Trust's Board of Directors	SFI 14.1
<b>Charitable Funds</b>			
<b>Overall responsibility for Charitable Funds</b>			
1)	Ensure each Charitable Fund is managed appropriately (subject to the discretion and approval of the Charitable Funds Committee if applicable).	CFO	SFI 17.1.1
<b>Expenditure on Charitable and Endowment Funds (Subject to available funds)</b>			
1)	General and special purpose funds up to £15,000	Fund manager	SFI 17.2.2
2)	General and special purpose funds greater than £15,000	Fund manager and CFO or DoOF, or CFO or DoOF by himself	SFI 17.2.2
<b>Approval of Fundraising</b>			
1)	Approval of fundraising	CFO or DoOF or HFS	SFI 17.4.6
<b>Discharge of legacies</b>			
1)	Empowered to give an executor or other personal representative a good discharge in respect of legacies	CFO or DoOF or HFS	SFI 17.4.4
<b>Investments</b>			
1)	Authorised to place investments subject to recommendations from Investment Manager and within Ethical and Risk Policies	Corporate Trustee or CFO	SFI 17.5
<b>DUTIES</b>		<b>Delegated to</b>	<b>Ref</b>
<b>Trust's Board of Directors &amp; Corporate Governance</b>			
1)	Set remuneration and terms of service of executive directors and very senior management.	EDRC	SFI 9.1
2)	Establish a risk management programme.	CE	SFI 19.1.1
3)	EDRC function as defined in their terms of reference (which are to be approved by the Trust's Board of Directors)	EDRC	SFI 9.1
5)	Calling meetings.	CH	SO 3.1
6)	Establish Board's Register of Interests	CE or Trust Secretary	SO 3.16
7)	Establish register of Interests for Staff	CE or Trust Secretary	SO 6.3
8)	Maintenance of good governance across the Trust in accordance with the terms of reference (which are to be approved by the Trust's Board of Directors)	Governance Committee	SO 4.1
9)	Keep seal in safe place and maintain a register of sealing.	CE and CFO	SO 5.1 & 5.3
10)	Sealing of documents.	Two members of the Board of Directors	SO 5.2
11)	Approve and sign all documents which will be necessary in legal proceedings.	ED	SO 7.6
12)	Sign on behalf of the Trust any agreement or document not requested to be executive as a deed.	CE or nominated Officers	SO 7.6
<b>DUTIES</b>		<b>Delegated to</b>	<b>Ref</b>
<b>Miscellaneous</b>			

## APPENDIX 2 - SCHEME OF DELEGATION

<u>Reporting of Incidents to the Police</u>		
1) Reporting to police is cases where: a) a criminal offence is suspected b) fraud is suspected	All staff CFO or DoOF	SFI 14.2.2
<u>Contact with the Press</u>		
1) All enquires: a) Within hours	CE, ED, Head of Corporate Affairs or Communications Officer	
b) Outside of hours	On Call Director	
<u>Receipt of hospitality</u>		
1) Declare all individual and collective hospitality or gifts in excess of £25 in Trust's Hospitality Register	All staff	SFI 10.2.7
<u>Engagement of the Trust's solicitors</u>		
1) Engagement of the Trust's Solicitors	CE or CFO or Trust Solicitor or DT	
<u>Patients and relatives complaints: investigation of and response</u>		
1) Complaint (Non-Medico)		
a) Initial investigation	DD coordinated by Complaints Lead	
b) Final response to complaint	CH or CE	
2) Medico – Legal Complaints Coordination of their management	Trust Solicitor or Assistant Trust Solicitor	
<u>Patients and relatives complaints: authority to approve settlement</u>		
1) Complaint settlement		
a) Settlement up to £500	Complaints Lead	
b) Settlement from £500 to £5,000	Trust Solicitor and CFO or DoOF	
c) Settlement from £5,000 to £50,000	Trust Solicitor and CFO and CE	
d) Settlement from £50,000	Trust's Board of Directors	
<u>Financial Policies and Procedures</u>		
1) Responsible for implementing the Trust's financial policies and coordinating corrective action and ensuring detailed financial procedures and systems are prepared and documented.	CFO	SFI 1.3.5
2) Form and adequacy of financial records of all departments and the Shared Financial Services operated by RD&E staff on behalf of other NHS Bodies.	CFO	SFI 1.3.9
3) Responsible for security of the Trust's property, avoiding loss, exercising economy and efficiency in using resources and conforming to Standing Orders, Standing Financial Instructions and financial procedures.	All Directors and employees	SFI 1.3.6
4) Procedures for the management of capital stage payments.	CFO	SFI 12.1.3
5) Ensure adequate insurance arrangements are in place	CFO	SFI 19.2.1
<b>DUTIES</b>	<b>Delegated to</b>	<b>Ref</b>
<b>Miscellaneous continued</b>		

## APPENDIX 2 - SCHEME OF DELEGATION

<u>Submitting monthly financial returns to NHSI</u>			
1)	Submitting financial returns to NHSI.	CE	SFI 3.6
2)	Prepare, certify and submit financial returns.	CFO or DoOF	SFI 4.2
<u>Building and engineering contracts</u>			
1)	Ensure that SOs and SFIs are compatible with best practice regarding building and engineering contracts.	CE	SFI 10.2.11
2)	Technical audit of building and engineering contracts.	Head of Estates or Deputy Director of Strategic Capital Planning	SFI 10.2.8
3)	Financial control and audit of building and engineering contracts.	CFO	SFI 10.2.8
<u>Audit Committee</u>			
1)	Ensure that the Director of Finance & Business Development's responsibilities in respect of the Audit Committee are met.	DoOF	
<u>Approval of Trust policies</u>			
1)	The approval of Trust policies.	Reporting Groups as agreed and included within the Policy for the Development, Ratification and Management of Procedural Documents	
<u>Ensuring patients and guardians are informed about patients' money and property procedures</u>			
1)	Responsible for ensuring patients and guardians are informed about patients' money and property procedures on admission.	CE	SFI 16.1.1
<u>Accuracy and security of computerised financial data</u>			
1)	Responsible for accuracy and security of computerised financial data.	CFO	SFI 15.1.2



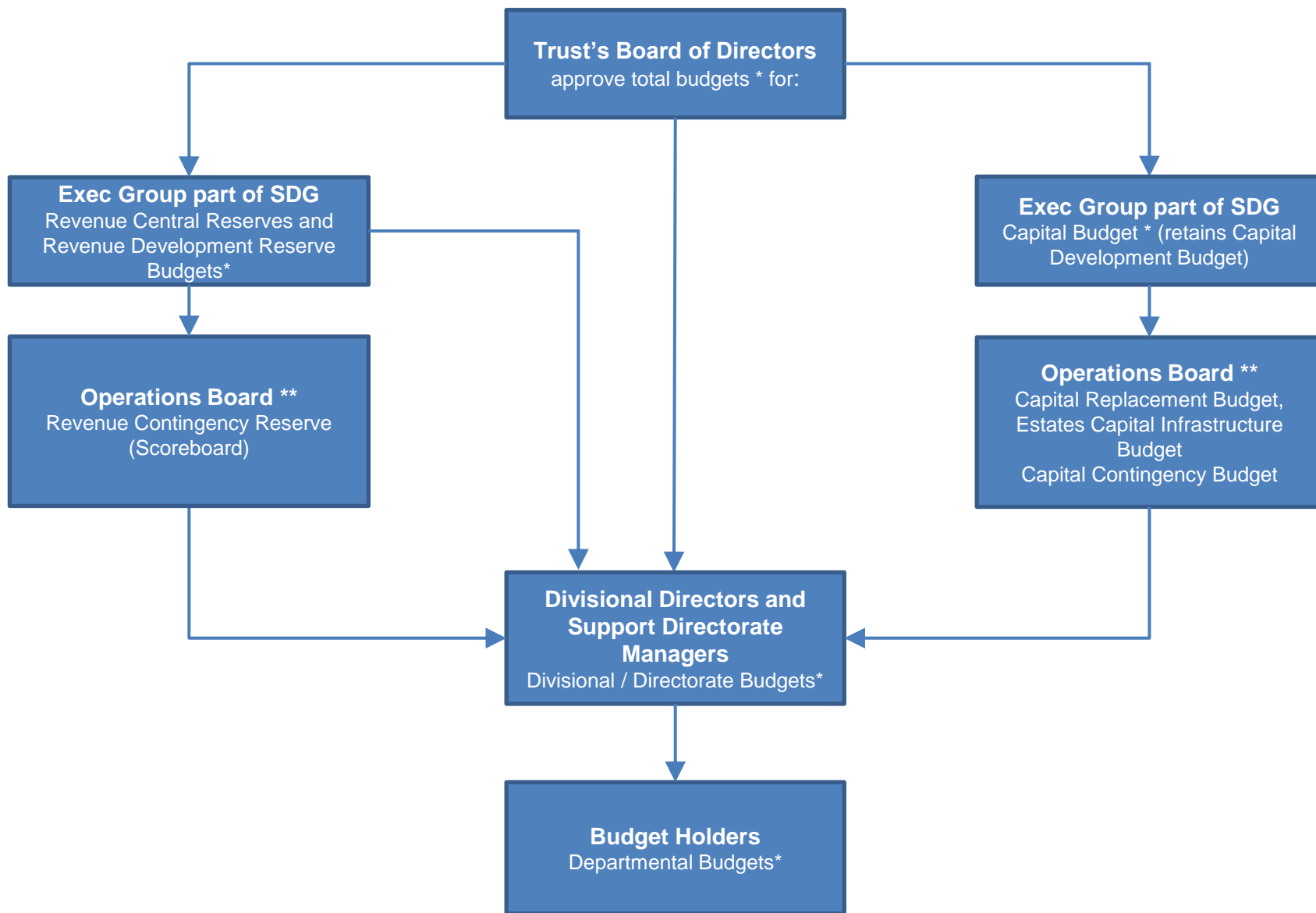
<b>APPENDIX 2 - SCHEME OF DELEGATION</b>	
<b>Full title</b>	<b>Abbreviation</b>
Audit Committee	AC
Chairman	CH
Chief Executive	CE
Cluster Managers	CM
Chief Financial Officer	CFO
Deputy Chief Executive / Chief Nurse	CN
Chief Operating Officer	COO
Divisional Director	DD
Director of Operational Finance	DoOF
Director of Transformation and Organisational Development	DT
Executive Director	ED
Executive Director Remuneration Committee	EDRC
Head of Facilities Management	HFM
Head of Financial Services and Planning	HFS
Head of Procurement and Commercial Support	HPCS
Medical Director	MD
Non-Executive Director	NED
Operations Board	OB
Strategic Development Group	SDG
Support Directorate Managers includes: Director of Operational Finance Deputy Director of IM&T Deputy Director of Human Resources Deputy Director of Nursing Deputy Director of Strategic Capital Planning	SDM

**APPENDIX 3 - SCHEME OF DELEGATION REQUIRED BY LEGISLATION OR OTHER**

Certain matters needing to be covered in the scheme of delegation are not covered by SFIs or SOs, or they do not specify the responsible officer. These are:

<b>OVERALL RESPONSIBILITY</b>	<b>AREA OF RESPONSIBILITY</b>
Director of Transformation and Organisational Development	Health and Safety arrangements
Medical Director	Data Protection Act requirements
Medical Director	Freedom of Information Act requirements
Medical Director	Caldicott Guardian

## Appendix 4 – Budget Delegation Flowchart



\* = values to be determined annually

\*\* = Chief Operating Officer or Director of Operational Finance may approve in exceptional circumstances