

## Standing Financial Instructions

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## STANDING FINANCIAL INSTRUCTIONS (“SFIs”)

### 1. INTRODUCTION

#### 1.1 General

- 1.1.1 University Hospital Southampton NHS Foundation Trust (“the Trust”) became a Public Benefit Corporation on 1<sup>st</sup> October 2011, following authorisation by NHS Improvement (formerly Monitor), the Independent Regulator of NHS Foundation Trusts pursuant to the National Health Service Act 2006 (the “NHS 2006 Act” or “2006 Act”).
- 1.1.2 These Standing Financial Instructions (SFIs) are issued for the regulation of the conduct of its members and officers in relation to all financial matters with which they are concerned. They shall have effect, as if incorporated in the Standing Orders (SOs) of the Foundation Trust’s Board of Directors (note that SOs are a statutory requirement for Foundation Trusts (FTs) but SFIs are not termed as such, although an equivalent set of rules is required by NHS Improvement, which this document represents).
- 1.1.3 The *Single Oversight Framework* details how NHS Improvement oversees and supports all NHS Trusts. Additional financial guidance is included in *The Audit Code for NHS Foundation Trusts*, *NHS Foundation Trust Annual Reporting Manual* and the *Department of Health Group Accounting Manual (DH GAM)*, all as updated, replaced or superseded from time to time. Other relevant guidance may also be issued.
- 1.1.4 These SFIs detail the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that the Trust’s financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Decisions Reserved to the Board and the Scheme of Delegation adopted by the Trust (collectively called the “Scheme of Delegation”).
- 1.1.5 These SFIs identify the financial responsibilities which apply to everyone working for the Foundation Trust and its hosted organisations. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial policies and procedures.
- 1.1.6 Should any difficulties arise regarding the interpretation or application of any of the SFIs, then the advice of the CFO must be sought before acting. The user of these SFIs should also be familiar with and comply with the provisions of the Trust’s Standing Orders of the Board of Directors (as well as the separate Standing Orders of the Council of Governors).
- 1.1.7 Failure to comply with Standing Financial Instructions and Standing Orders of the Board of Directors can in certain circumstances be regarded as a disciplinary matter that could result in an employee’s dismissal.
- 1.1.8 Overriding Standing Financial Instructions – if for any reason these Standing Financial Instructions are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next meeting of the Audit and Risk Committee for referring action or ratification. All members of

the Board and staff have a duty to disclose any non-compliance with these SFIs to the CFO, as soon as possible.

## **1.2 Responsibilities and delegation**

### **Foundation Trust Board of Directors**

- 1.2.1 The Board of Directors exercises financial supervision and control by:
- a) Formulating the financial strategy;
  - b) Requiring the submission and approval of budgets within specified limits;
  - c) Defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money);
  - d) Defining specific delegated responsibilities placed on members of the Board of Directors and employees as indicated in the "Scheme of Delegation."
- 1.2.2 The Board of Directors has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the "Schedule of Decisions Reserved to the Board" document, which is part of the Scheme of Delegation document. All other powers have been delegated to such executive directors in the Scheme of Delegation or, committees of the Board, as the Trust has established. The Board must approve the terms of reference of all committees reporting directly to the Board.
- 1.2.3 The Board will delegate responsibility for the performance of its functions in accordance with its Constitution, the SOs and the Scheme of Delegation adopted by the Trust. The extent of delegation shall be kept under review by the Board.

### **The Chief Executive, Chief Financial Officer (CFO)**

- 1.2.4 The Chief Executive and CFO will delegate their detailed responsibilities as permitted by the Constitution and SOs, but they remain accountable for financial control.
- 1.2.5 Within the SFIs, it is acknowledged that the Chief Executive is ultimately accountable to the Board, and as Accounting Officer, to the Secretary of State for Health, for ensuring that the Board meets its obligation to perform its functions within the available financial resources. The Chief Executive has overall executive responsibility for the Trust's activities; is responsible to the Chairman and the Board for ensuring that its financial obligations and targets are met and has overall responsibility for the Trust's system of internal control.
- 1.2.6 It is a duty of the Chief Executive to ensure that Members of the Board, employees and all new appointees are notified of, and put in a position to understand their responsibilities within these SFIs.

### **The Chief Financial Officer**

- 1.2.7 The CFO is responsible for:
- a) These SFIs and for keeping them appropriate and up to date;

- b) Implementing the Trust's financial policies and for coordinating any corrective action necessary to further these policies;
- c) Maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;
- d) Ensuring that sufficient records are maintained to show and explain the Trust's transactions, in order to disclose, with reasonable accuracy, the financial position of the Trust at any time;
- e) Without prejudice to any other functions of the Trust, and employees of the Trust, the duties of the CFO include:
  - i) Provision of financial advice to other members of the Trust Board and employees;
  - ii) Design, implementation and supervision of systems of internal financial control;
  - iii) 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.

### **Board of Directors and Employees**

- 1.2.8 All members of the Board of Directors and employees, severally and collectively, are responsible for:
- a) The security of the property of the Trust;
  - b) Avoiding loss;
  - c) Exercising economy and efficiency in the use of resources;
  - d) Conforming to the requirements of NHS Improvement, the Terms of Authorisation, the Constitution, Standing Orders, Standing Financial Instructions and the Scheme of Delegation.

### **Contractors and their employees**

- 1.2.9 Any contractor or, employee of a contractor who is empowered by the Trust to commit the Trust to expenditure or, who is authorised to obtain income, shall be covered by these instructions. It is the responsibility of the Chief Executive to ensure that such persons are made aware of this.
- 1.2.10 For any and all directors and 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 CFO.

## **2. AUDIT**

### **2.1 Chief Financial Officer**

- 2.1.1 The CFO is responsible for:
- a) Ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control, including the establishment of an effective internal audit function. An internal audit function is required by NHS Improvement's "NHS Foundation Trust Accounting Officer Memorandum" (August 2015);

- b) Ensuring that the Internal Audit service to the Trust is adequate and meets NHS Improvement's mandatory internal audit standards;
- c) Deciding at what stage to involve the police in cases of misappropriation of assets and any other irregularities (subject to the provisions of SFI 2.4 in relation to fraud and corruption);
- d) Ensuring that an annual internal audit report is prepared (with interim progress reports) for the consideration of the Audit and Risk Committee. The report(s) must cover:
  - i) A clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the DH, including for example compliance with control criteria and standards. This opinion provides assurances to the Accounting Officer, especially when preparing the "Statement of Internal Control" and also provides assurances to the Audit and Risk Committee;
  - ii) Any major internal financial control weaknesses discovered;
  - iii) Progress on the implementation of internal audit recommendations;
  - iv) Progress against plan over the previous year;
  - v) A detailed work-plan for the coming year.

2.1.2 The CFO and designated auditors are entitled without necessarily giving prior notice to require and receive:

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

## **2.2 Role of Internal Audit**

2.2.1 Internal Audit provides an independent and objective opinion to the Chief Executive, the Audit and Risk Committee and the Board on the degree to which risk management, control and governance support the achievement of the Trust's agreed objectives.

2.2.2 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 including internal and external reporting and accountability processes;
- d) The efficient and effective use of resources;
- e) 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 (responsibility for investigation of any suspected or alleged fraud is held by the Local Counter Fraud Specialist)
    - ii) Waste, extravagance, inefficient administration;
    - iii) Poor value for money or other causes;
    - iv) Any form of risk, especially business and financial risk but not exclusively so.
  - f) The adequacy of follow-up actions by the Trust to internal audit reports;
  - g) Any investigations / project work agreed with and under terms of reference laid down by the CFO;
  - h) The Trust's "Assurance Framework Statements" in accordance with guidance from the DH;
  - i) The Trust's compliance with the Care Quality Commission Essential Standards of Quality and Safety.
- 2.2.3 Whenever any matter arises (in the course of work undertaken by internal audit) 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 CFO must be notified immediately and, in the case of alleged or suspected fraud, the Local Counter Fraud Service (LCFS) must be notified.
- 2.2.4 The Head of Internal Audit (or equivalent title) will normally attend Audit and Risk Committee meetings and has a right of access to Audit and Risk Committee members, the Chairman and Chief Executive.
- 2.2.5 The reporting system for internal audit shall be agreed between the CFO, the Audit and Risk Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the "Audit Code," the "DH Group Accounting Manual" and the "NHS FT Accounting Officer memorandum."
- 2.3 External Audit**
- 2.3.1 The External Auditor is appointed by the Council of Governors with advice from the Audit and Risk Committee.
- 2.3.2 Audit and Risk Committee must ensure a cost-effective service is provided and agree audit work-plans, except statutory requirements.
- 2.3.3 The External Auditor must ensure that this service fulfils the functions and audit access and information requirements, as specified in Schedule 10 of the NHS Act 2006.
- 2.3.4 The Trust shall comply with the Audit Code and shall require the External Auditor to comply with the Audit Code.
- 2.3.5 If there are any problems relating to the service provided by the External Auditor this should be resolved in accordance with the Audit Code.
- 2.3.6 Prior approval must be sought from the Audit and Risk Committee (the Council of Governors may also be notified) for each discrete piece of additional external audit work (i.e., work over and above the audit plan, approved at the start of the year) awarded to the external auditors.

Competitive tendering is not required and the CFO is required to authorise expenditure.

## **2.4 Fraud, Corruption and Bribery**

- 2.4.1 In line with their responsibilities, the Chief Executive and CFO shall monitor and ensure compliance with the NHS Standard contract Service Condition 24 to put in place and maintain appropriate anti-fraud, bribery and corruption arrangements, having regard to the NHS Counter Fraud Authority standards.
- 2.4.2 The CFO is the executive board member responsible for countering fraud, bribery and corruption in the Trust.
- 2.4.3 The Trust shall nominate a professionally accredited Local Counter Fraud Specialist (“LCFS”), to conduct the full range of anti-fraud, bribery and corruption work on behalf of the trust as specified in the NHS Counter Fraud Authority anti-crime Standards.
- 2.4.4 The LCFS shall report to the CFO and shall work with staff in the NHS Counter Fraud Authority, in accordance with the NHS Counter Fraud Authority anti-crime Standards, the anti-fraud manual and the NHS Counter Fraud Authority’s Investigation Case File Toolkit.
- 2.4.5 If it is considered that evidence of offences exists and that a prosecution is desirable, the LCFS will consult with the CFO to obtain the necessary authority and agree the appropriate route for pursuing any action e.g. referral to the police or NHS Counter Fraud Authority.
- 2.4.6 The Local Counter Fraud Specialist will provide a written report, at least annually, on anti-fraud, bribery and corruption work within the Trust to the Audit and Risk Committee.
- 2.4.7 The LCFS will ensure that measures to mitigate identified risks are included in an organisational work plan which ensures that an appropriate level of resource is available to the level of any risks identified. Work will be monitored by the CFO and outcomes fed back to the Audit and Risk Committee.
- 2.4.8 In accordance with the Raising Concerns Policy, the Trust shall have a whistle-blowing mechanism to report any suspected or actual fraud, bribery or corruption matters and internally publicise this, together with the national fraud and corruption reporting line provided by the NHS Counter Fraud Authority.
- 2.4.9 The Trust will report annually on how it has met the standards set by the NHS Counter Fraud Authority in relation to anti-fraud, bribery and corruption work and the CFO shall sign-off the annual self-review and authorise its submission to the NHS Counter Fraud Authority. The CFO shall sign-off the annual qualitative assessment (in years when this assessment is required) and submit it to the relevant authority.

## **2.5 Security Management**

- 2.5.1 In line with their responsibilities, the Chief Executive will monitor and ensure compliance with the NHS Standard Service Condition 24 to put in place and maintain appropriate security management arrangements, having regards to the NHS Counter Fraud Authority’s standards.

- 2.5.2 The Trust shall nominate a suitable person to carry out the duties of the Local Security Management Specialist (“LSMS”) as specified in the NHS Counter Fraud Authority anti-crime standards.
- 2.5.3 The Trust shall nominate a Non-Executive Director to be responsible to the Board for NHS security management.
- 2.5.4 The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the Security Management Director (SMD), who is the Chief Operating Officer and also to the appointed LSMS.

### **3. BUSINESS PLANNING, BUDGETS, BUDGETARY CONTROL, AND MONITORING**

#### **3.1 Preparation and Approval of the Trust Operational Plan and Budgets**

- 3.1.1 In accordance with the annual planning cycle, the Chief Executive will compile and submit to the Board of Directors and to the Council of Governors the annual “Operational Plan” which takes into account financial targets and forecast limits of available resources. The Trust Operational Plan will contain:
  - a) A statement of the significant assumptions on which the plan is based;
  - b) Details of major changes in workload, delivery of services or resources required to achieve the plan;
  - c) The Financial Plan for the year;
  - d) Such other contents as may be determined by NHS Improvement.
- 3.1.2 The annual Operational Plan must be submitted to NHS Improvement in accordance with NHS Improvement’s requirements.
- 3.1.3 The CFO will, on behalf of the Chief Executive, prepare and submit an annual budget for approval by the Board of Directors. Such a budget will:
  - a) Be in accordance with the aims and objectives set out in the Trust Operational Plan;
  - b) Accord with demand, workforce and capacity plans;
  - c) Be produced following discussion with appropriate budget holders;
  - d) Be prepared within the limits of available funds;
  - e) Identify potential risks;
  - f) Be based on reasonable and realistic assumptions; and
  - g) Enable the Trust to comply with the whole regulatory framework for FTs.
- 3.1.4 The Trust Operational Plan, which will include the annual budget, will be submitted to the Council of Governors in a general meeting.
- 3.1.5 The CFO shall monitor financial performance against budget, and report to the Board of Directors.
- 3.1.6 All budget holders must provide information as required by the CFO to enable budgets to be compiled.

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

### **3.2 Operating Plan and Budget Setting Process**

- 3.2.1 The Chief Financial Officer will submit to the Board of Directions a paper outlining the annual budget setting process for the year. This will include a baseline formed from a set of clearly defined assumptions.
- 3.2.2 Each Department and Director will be asked to submit a list of Business Cases and cost pressures for consideration in budget setting, as part of the Strategic Review process. Only approved business cases will be incorporated into delegated budgets. Funded business cases will require approval as per the Trust Approval Framework in Annex 4, section 1.
- 3.2.3 The Chief Executive and Chief Financial Officer will set an annual process for approving cases to be incorporated into the budget and Operational Plan.
- 3.2.4 Each Department and Director will be asked to provide assumptions for the setting of the Trust's Production Plan (income Plan). These will be considered alongside external factors including Commissioner plans in order to set the Trust's income budget.
- 3.2.5 The Chief Financial Officer will set a Cost Improvement Programme (CIP) savings target, delegated to each budget holder.
- 3.2.6 The Chief Financial Officer may set reserves to cover unknown cost pressures at the planning stage, which may then subsequently be delegated in-year.

### **3.3 In-Year Adjustments to Budgets**

- 3.3.1 The Chief Financial Officer may authorise budget virements in the following circumstances:
- a) To reflect an in-year business case approved by the relevant committee;
  - b) To distribute reserves set to cover cost pressures that were unknown at the planning stage;
  - c) To reflect where the distribution of income and expenditure has materially changed from the original plan, where this is net neutral. For example, to reflect the reality of CIP delivery where this changes materially from the original planning assumption
- 3.3.2 Budget virements for in-year business cases can only be allocated on an overall neutral basis, to ensure the budget remains balanced to the Operational Plan. Additional expenditure will require funding via additional income assumptions, release of reserves or additional savings in another part of the budget.

### **3.4 Budgetary Delegation**

- 3.4.1 The Chief Executive, through the CFO, may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:
- a) The amount of the budget;
  - b) The purpose(s) of each budget heading;
  - c) Individual and group responsibilities;
  - e) Achievement of planned levels of service;
  - f) The provision of regular reports.
- 3.4.2 Except where otherwise approved by the Chief Executive, taking account of advice from the CFO, budgets shall only be used for the purpose for which they were provided.
- 3.4.3 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the CFO, subject to guidance on budgetary control in the Trust.
- 3.4.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive or the CFO.
- 3.4.5 Budget Holders are expected to sign their acceptance of their annual expenditure budget.

### **3.5 Budgetary Control and Reporting**

- 3.5.1 The CFO will devise and maintain systems of budgetary control. These will include:
- a) Monthly financial reports to the Board of Directors in a form approved by the Board of Directors, containing sufficient information to allow the Directors of the Board to ascertain the financial performance of the Trust. This may include the following:
    - i) Income and expenditure to date, showing trends and the forecast year-end position;
    - ii) Movements in working capital;
    - iii) Movements in cash;
    - iv) Capital project spend and projected outturn against plan;
    - v) Explanations of any material variances from budget;
    - vi) Details of any corrective action where necessary and the Chief Executive's and/or CFO'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 and workforce budgets;
  - d) Monitoring of management action to correct variances; and
  - e) Arrangements for the authorisation of budget transfers and virements.
- 3.5.2 Each Budget Holder is responsible for ensuring that no permanent employees are appointed without the approval of the Chief Executive, other than those provided for within the budgeted workforce establishment. Any

expenditure required beyond budgeted establishment will require an in-year business case.

- 3.5.3 The Chief Executive is responsible for identifying and implementing cost improvement programmes (“CIPs”) and income generation initiatives in order to deliver a budget that will enable compliance with NHS Improvement’s Use of Resources regime.
- 3.5.4 The Chief Executive will incorporate a “Savings Board” responsible for ensuring delivery of the Cost Improvement Programme. The “Savings Board” will have Terms of Reference agreed by the Trust Executive Committee.
- 3.5.5 The Chief Executive will incorporate a “Recruitment Control Panel”, responsible for approving recruitment as per Terms of Reference agreed by the “Savings Board”. All new appointments will be considered by the “Recruitment Control Panel”.
- 3.5.6 All new Clinical consultant appointments will require the approval of the Trust Executive Committee.

### **3.6 Capital Expenditure**

- 3.6.1 General rules applying to delegation and reporting shall also apply to capital expenditure. Accounting for fixed assets must comply with the NHS Foundation Trust Annual Reporting Manual. The specific instructions relating to capital are contained in section 12 of these SFIs.

### **3.7 Performance Monitoring Forms and Returns**

- 3.7.1 The Chief Executive is responsible for ensuring that the appropriate monitoring forms and returns are submitted to “NHS Improvement.” The performance figures reported to the Board of Directors should reflect the same figures, though not necessarily presented in the same format.

### **3.8 In-Year Business Cases**

- 3.8.1 It is expected that most business cases will be identified during the setting of the Trust Operational Plan and therefore Budget Setting Process. These cases will then be sent for approval at an appropriate point during the year.
- 3.8.2 Any case with a capital implication will be considered in section 12 and outlined in Annex 4, section 1.
- 3.8.3 Revenue cost only business cases will be subject to the approval as outlined in Annex 4, section 1.

## **4. ANNUAL REPORT AND ACCOUNTS AND QUALITY REPORT**

- 4.1 The CFO, on behalf of the Trust, will:
  - a) Prepare annual financial accounts and corresponding financial returns in such form as NHS Improvement and HM Treasury prescribe;
  - b) Ensure these annual accounts and financial returns comply with current guidelines and directions given by NHS Improvement as to their technical accounting content and information/data shown therein, before submission to NHS Improvement.

- 4.2 The Associate Director of Corporate Affairs will prepare the Annual Report in accordance with the guidance in the NHS Foundation Trust Annual Reporting Manual.
- 4.3 The Trust's Annual Report, Annual Accounts and financial returns to NHS Improvement must be audited by the external auditor in accordance with appropriate international auditing standards.
- 4.4 The Annual Report and Accounts (including the auditor's report) shall be approved by the Board of Directors, or by the Audit and Risk Committee (when specifically delegated the power to do so, under the authority of the Board of Directors).
- 4.5 The Annual Report and Accounts (including the auditor's report) is submitted to NHS Improvement (in accordance with its timetable) by the CFO and put forward to be laid before Parliament in accordance with the prescribed timetable.
- 4.6 The Annual Report and Accounts (including the auditor's report) must be published and presented to a general meeting of the Council of Governors by 30th September each year and made available to the public for public inspection at the Trust's headquarters and made available on the Trust's website. Any summary financial statements published are in addition to, and not instead of, the full annual accounts.
- 4.7 The Director of Nursing will prepare the Annual Quality Report in the format prescribed by NHS Improvement/Care Quality Commission and in accordance with the NHS Foundation Trust Annual Reporting Manual. .
- 4.8 The Chief Executive and Chairman shall sign off the "Statement of Directors' Responsibilities in Respect of the Quality Report" under the Health Act 2009 and the NHS (Quality Accounts) Regulations 2010.

## **5. GOVERNMENT BANKING SERVICE BANK ACCOUNTS**

### **5.1 General**

- 5.1.1 The CFO is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of accounts.
- 5.1.2 The Audit and Risk Committee of the Board of Directors will review banking arrangements periodically.
- 5.1.3 The Audit and Risk Committee will approve recommendations regarding the opening of any bank account in the name of the Trust.

### **5.2 Government Banking Service ("GBS") Bank Accounts**

- 5.2.1 In line with public sector practice, the Trust's principal bankers are those commercial banks working in partnership with the GBS, referred to in 5.2.2(a) below. However, these SFIs will apply to any other accounts opened in the name of the Trust or its subsidiaries from time to time.
- 5.2.2 The CFO is responsible for:

- a) GBS bank accounts and any non GBS bank accounts held for banking and merchant services.
- b) Establishing separate bank accounts for the Trust's non-exchequer funds as appropriate;
- c) Ensuring payments made from bank/GBS/RBS accounts do not exceed the amount credited to the account except where arrangements have been made;
- d) Reporting to the Board of Directors any arrangements made with the Trust's bankers for accounts to be overdrawn;
- e) Monitoring compliance with NHS Improvement or DH guidance on the level of cleared funds;
- f) Ensuring covenants attached to bank borrowings are adhered to.

### **5.3 Banking Procedures**

5.3.1 The CFO will prepare detailed instructions on the operation of bank accounts which must include:

- a) The conditions under which each bank account is to be operated, including the overdraft limit if applicable;
- b) Those members of staff with mandated authority to carry out transactions (by signing transfer authorities or cheques or other orders) in accordance with the authorisation framework of these GBS bank accounts.

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

### **5.4 Tendering and Review (applicable to any non-GBS bank accounts only)**

5.4.1 The CFO will review the commercial banking arrangements of the Trust at regular intervals to ensure they reflect best practice and value for money.

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

### **6.1 Income Systems**

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

6.1.2 The CFO is also responsible for the prompt banking of all monies received.

### **6.2 Fees and Charges (including for private use of Trust assets)**

6.2.1 The Trust shall follow the "Payment by Results" ("PbR") financial regime determined by the DH where applicable. The CFO may agree alternative payment mechanisms with Commissioners.

6.2.2. The CFO is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health

or by Statute. Independent professional advice on matters of valuation shall be taken as necessary.

- 6.2.3 All Employees must inform the CFO promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.
- 6.2.4 Contracts must conform to the strategy and operational plans of the Trust and shall be approved according to the limits specified at SFI Annex 4, section 3.
- 6.2.5 Any employee wishing to use Trust assets for private use must comply with the Trust's policies, including those on use of the telephone and the loan of equipment.

### **6.3 Debt Recovery**

- 6.3.1 The CFO is responsible for the appropriate recovery action on all outstanding debts.
- 6.3.2 Income and salary overpayments not received, after all attempts at recovery have failed should be written off in accordance with the following approvals limits;
- 6.3.3 The following VAT exclusive limits shall be applied to debt write offs:

<b>Monetary Value</b>	<b>Approval</b>
Up to £10,000	Deputy Director of Finance
Up to £100,000	CFO
£100,000 plus	Audit and Risk Committee

The limits apply to individual items. A schedule of written off debt shall be presented to the Audit and Risk Committee at least annually. A schedule of debts written off in excess of £100,000 and approved by the audit and risk committee should be presented to the Trust board for noting.

### **6.4 Security of Cash, Cheques and other Negotiable Instruments**

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

- 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 shall not be liable for any loss, and written and signed “declarations of indemnity” must be obtained from the organisation or individuals fully absolving the Trust from responsibility for any loss.

## **7. TENDERING & CONTRACTING PROCEDURES**

### **7.1 Duty to comply with Standing Financial Instructions**

- 7.1.1 The procedure for making all contracts on behalf of the Trust shall comply with these Standing Financial Instructions and Standing Orders

### **7.2 Thresholds Tender Guide / Placing Contracts / Waivers**

- 7.2.1 The tables outlined in the Trust Authorisation Framework in Annex 4, Section 5 outlines the correct procurement process to be followed relative to value and the type of product or service being purchased.

- 7.2.2 In circumstances where the specified number of quotations/tenders cannot be obtained (e.g. where there is a limited number of suppliers) the reasons for receiving a lower number of quotations/tenders must be recorded.

- 7.2.3 Subject to the limits outlined in Annex 4, Section 4, the Director of Procurement, Director of Estates, Director of Informatics and Chief Pharmacist may sign and place contracts on the Trust's behalf, providing a valid Contract Approval Document is signed by the relevant Executive Director or Chairman on behalf of Trust Board. Where appropriate this should include a supporting Contract Ratification Document for all Formal Local & EU Tenders

- 7.2.4 The waiving or variation of the competitive tendering and quotation procedure can be approved subject to the limits outlined in Annex 4, Section 5.

### **7.3 Electronic Tendering**

- 7.3.1 All invitations to tender should be on a formal competitive basis applying the principles set out below using the Trust E-Tendering Portal where practicable.
- 7.3.2 All tendering carried out through e-tendering will be compliant with the Trust policies and procedures as set out in SFIs 7.2 – 7.8.2. Issue of all tender documentation should be undertaken electronically through a secure website with controlled access using secure login, authentication and viewing rules.
- 7.3.3 All tenders will be received into a secure electronic vault so that they cannot be accessed until an agreed opening time. Where the electronic tendering package is used the details of the persons opening the documents will be recorded in the audit trail together with the date and time of the document opening. All actions and communication by both procurement staff and suppliers are recorded within the system audit reports.

### **7.4 Manual Tendering – General Rules**

- 7.4.1 All invitations to tender on a formal competitive basis shall state that no tender will be considered for acceptance unless submitted in either:
- a) A plain, sealed package bearing a pre-printed label supplied by the Trust (or bearing the word 'Tender' followed by the subject to which it relates and the latest date and time for the receipt of such tender); or
  - b) In a special envelope supplied by the Trust to prospective tenderers and the tender envelopes/packages shall not bear any names or marks indicating the sender.
- 7.4.2 Every tender for goods, materials or manufactured articles supplied as part of a works contract and services shall embody such of the main contract conditions as may be appropriate in accordance with the contract forms described in Section 7.4.3 and 7.4.4 below.
- 7.4.3 Every tender for building and engineering works, shall embody or be in the terms of the current edition of the appropriate Joint Contracts Tribunal (JCT) or NEC 3 form of contract amended to comply with Concode. When the content of the works is primarily engineering, tenders shall embody or be in the terms of the General Conditions of Contract recommended by the Institutions of Mechanical Engineers and the Association of Consulting Engineers (Form A) or, in the case of civil engineering work, the General Conditions of Contract recommended by the Institution of Civil Engineers.
- 7.4.4 Every tender for goods, materials, services (including consultancy services) or disposals shall embody the NHS Standard Contract Terms and Conditions as are applicable. Every supplier must have given a written undertaking not to engage in collusive tendering or other restrictive practice.

### **7.5 Receipt, Safe Custody and Record of Formal Tenders**

- 7.5.1 All tenders on the approved form shall be addressed to the appropriate officer according to the appropriate limits specified in SFI 7.2.

- 7.5.2 The date and time of receipt of each tender shall be endorsed on the unopened tender envelope/package.
- 7.5.3 The appropriate officer shall designate an officer or officers, not from the originating department, to receive tenders on his/her behalf and to be responsible for their endorsement and safe custody until the time appointed for their opening, and for the records maintained in accordance with SFI 7.6.

## **7.6 Opening Formal Tenders**

- 7.6.1 As soon as practicable after the date and time stated as being the latest time for the receipt of tenders they shall be opened by two officers designated by the officer as appropriate.
- 7.6.2 Every tender received shall be stamped with the date of opening and initialled by two of those present at the opening.
- 7.6.3 A permanent record shall be maintained to show for each set of competitive tender invitations despatched:
- a) The names of firms/individuals invited;
  - b) The names of and the number of firms/individuals from which tenders have been received;
  - c) The total price(s) tendered;
  - d) Closing date and time;
  - e) Date and time of opening; and
  - f) The persons present at the opening shall sign the record.
- 7.6.4 Except as in SFI 7.6.5 below, a record shall be maintained of all price alterations on tenders, i.e. where a price has been altered, and the final price shown shall be recorded. Every price alteration appearing on a tender and the record should be initialled by two of those present at the opening.
- 7.6.5 A report shall be made in the record if, on any one tender, price alterations are so numerous as to render the procedure set out in SFI 7.6.4 above unreasonable.

## **7.7 Admissibility and Acceptance of Formal Tenders**

- 7.7.1 In considering which tender to accept, if any, the designated officers shall have regard to whether value for money will be obtained by the Trust and whether the number of tenders received provides adequate competition. In cases of doubt they shall consult the CFO or nominated officer.
- 7.7.2 Tenders received after the due time and date may be considered only if the CFO or nominated officer decides that there are exceptional circumstances, e.g. where significant financial, technical or delivery advantages would accrue, and is satisfied that there is no reason to doubt the bona fides of the tenders concerned. The CFO, or nominated officer, shall decide whether such tenders are admissible and whether re-tendering is desirable. Re-tendering may be limited to those tenders reasonably in the field of consideration in the original competition. If the tender is accepted the late arrival of the tender should be reported to the Board at its next meeting.
- 7.7.3 Technically late tenders (i.e. those despatched in good time but delayed through no fault of the supplier) may at the discretion of the CFO or nominated officer be regarded as having arrived in due time.

- 7.7.4 Materially incomplete tenders (i.e. those from which information necessary for the adjudication of the tender is missing) and amended tenders (i.e. those amended by the supplier upon his own initiative either orally or in writing after the due time for receipt) should be dealt with in the same way as late tenders under SFI 7.7.2.
- 7.7.5 Where examination of tenders reveals a need for clarification, the supplier is to be given details of such clarifications and afforded the opportunity of confirming or withdrawing his offer.
- 7.7.6 Necessary discussions with a supplier of the contents of their tender, in order to elucidate technical points etc., before the award of a contract, will not disqualify the tender.
- 7.7.7 While decisions as to the admissibility of late, incomplete, or amended tenders are under consideration and while re-tenders are being obtained, the tender documents shall remain strictly confidential and kept in safekeeping by an officer designated by the CFO.
- 7.7.8 Where only one tender/quotation is received the CFO /nominated officer (within delegated limits) shall, as far as practicable, ensure that the price to be paid is fair and reasonable.
- 7.7.9 All tenders shall be evaluated on the basis of MEAT (Most Economically Advantageous Tender) and in conjunction with published Award Criteria and Weightings.
- 7.7.10 Where the form of contract includes a fluctuation clause all applications for price variations must be submitted in writing by the tenderer and shall be approved by the Chief Executive or nominated officer (within 7.9.1 below).
- 7.7.11 All tenders should be treated as confidential and should be retained for inspection.

## **7.8 Extensions to Contract**

- 7.8.1 In all cases where optional extensions to contract are outlined at the time of tendering, approval will be required as if it were a new contract.
- 7.8.2 Variations to building and engineering contracts shall be authorised by the Director of Estates, facilities and Capital Development. These variations shall not be authorised if doing so would result in exceeding the values within the capital project approved business case. Where a variation does result in the capital project approved business case financial value being exceeded then further approval shall be required from the appropriate authorising body. These values are subject to the tolerances contained in these SFIs.
- 7.8.3 Where building and engineering contracts are being varied to include new pieces of work outside the scope of the original business case then a new business case will be required to be approved prior to this variation being issued.

## **7.9 Quotation & Tendering Procedures – Building and Engineering Contracts**

- 7.9.1 Quotation & Tendering Procedures Summary - Building and Engineering Contracts
- a) Unless permitted by SOs, competitive quotations/tenders will be sought for all contracts according to the financial limits specified in SFI 7.2.
  - b) Tender documents will be issued by the office of the Director of Estates & Capital Development. Tenders for contracts estimated to exceed £500,000 (excluding VAT) will be returned to the Chief Executive's office, otherwise tenders will be returned to the Director of Estates & Capital Development's office who will arrange for them to be opened in accordance with the SFIs of the Trust.
  - c) No tender shall be considered which bears any mark or name indicating the sender.
  - d) Tender lists for building and engineering works will be compiled by the Director of Estates & Capital Development from "Constructionline" the Trust's approved list of Contractors.
  - e) Before obtaining Tenders for the execution of any work the Director of Estates & Capital Development will arrange for a final estimate to be prepared. This should include works, VAT, fees, equipment and any other costs. The pre-tender estimate for the works element only should be stated on the tender return forms.
  - f) Where there is a wide discrepancy (>10%) between the final estimate and the final total scheme cost involving an increase in expenditure this is to be reported by the Director of Estates & Capital to the CFO for further instructions.
  - g) The number of firms to be invited to tender for a particular contract shall be in accordance with the financial limits specified in SFI 7.2.
  - h) A quotation/tender return form will be completed by the relevant project manager. It will include the scheme name, pre-tender estimate, names of contractors invited, date of invitation and date and time of return. According to the limits of delegation, it will be sent to the Director of Estates & Capital Development / Head of Operational Estates Maintenance/ Head of Estates Projects or the Chief Executive for the opening of the tenders in accordance with these SFIs.
  - i) Adjudication must be made in accordance with SFI 7.7. A tender ratification prepared by the Design Team and endorsed by the Project Manager should be submitted to the Director of Estates & Capital Development for approval or to seek authorisation, according to delegated limits.
  - j) Acceptance of the tender/quotation must comply with the financial limits set out in SFI 7.2.
  - k) All contract documentation must be finalised promptly (ideally prior to the commencement of the contract) after the award of contract, this should include presenting it to the Associate Director of Corporate Affairs to meet the requirement for signing and sealing where required.
  - l) The waiving of variation of competitive tendering/quotation procedures shall be reported to the Audit and Risk Committee regularly.

## **7.10 Quotation & Tendering Procedures – Goods and Services Contracts**

- 7.10.1 Financial limits for placing goods and services contracts are outlined in Annex 4, Section 4.
- 7.10.2 Where appropriate, pharmacy orders will be placed against Regionally/Divisionally agreed Pharmacy Contracts, which should cover the majority of orders placed by the Pharmacy Department.
- 7.10.3 The Director of Informatics is authorised to place contracts for Informatics Contracts only.
- 7.10.4 The values listed also apply to disposals (SFI 14). All other Financial Limits are detailed at SFI 7.2
- 7.10.5 A flow chart outlining the legally compliant competitive tendering process and contract requirements is outlined at Annex 3.
- 7.10.6 Where the total contract value exceeds £25,000 the Trust has a legal obligation to ensure that they advertise the opportunity through the national Government Contracts Finder portal and must subsequently ensure the respective award is also published.
- 7.10.7 Where the total contract value exceeds the published OJEU Thresholds then the Trust is committed to EU Regulations and conducting an EU compliant procurement process.

## **7.11 Waiving or Variation of Competitive Tendering/Quotation Procedure**

- 7.11.1 Where goods, services and/or capital works are to be supplied over a period of time, the values listed must be taken as the value of the contract, not the annual value and should not seek to circumvent public sector procurement regulations. Contracts will be required for all waivers over £25,000.
- 7.11.2 In circumstances where the specified number of quotations/tenders cannot be obtained (e.g. where there is a limited number of suppliers) the reasons for receiving a lower number of quotations/tenders must be recorded. Reporting of a waiver will only be necessary in the case of a single tender action.

## **7.12 Quotation & Tendering Procedures Summary - Contracts**

- 7.12.1 Competitive quotation/tenders will be obtained for all items according to the financial limits specified in SFI 7.2.
- 7.12.2 No Pre Qualifications stages should be conducted for below OJEU threshold quotations/tenders in accordance with Public Contract Regulation 2015 (Regulation 111)
- 7.12.3 Quotations will be obtained by and returned to the Director of Procurement for single purchases where the estimated value does not exceed the limit specified in SFI 7.2.
- 7.12.4 Tenders shall be invited for all purchases of goods and/or services to be supplied over a period of time where the estimated contract value exceeds that specified in SFI 7.2.

- 7.12.5 Tenders will be issued by the Director of Procurement and shall incorporate standard NHS Terms and Conditions of Contract.
- 7.12.6 After tenders/quotations have been opened, the Director of Procurement will arrange for adjudication of the tenders/quotations. Adjudication must be made in accordance with SFI 7.7.
- 7.12.7 A Contract Approval Document and Ratification Report prepared by the Procurement Team should be submitted to the Director of Procurement for approval or to seek authorisation from the Chief Executive/Trust Board, according to delegated limits.
- 7.12.8 Acceptance of the tender/quotation must comply with the financial limits set out in SFI 7.2.
- 7.12.9 All waiving of variation of competitive tendering/quotation procedures shall be reported to the Audit and Risk Committee on a six monthly basis highlighting all waivers over £25,000 and those over £75,000 approved by the CEO.
- 7.12.10 Where a competitive tender ratification process has already been conducted for goods or equipment and approved within the delegated levels, authority is given to the Director of Procurement to approve any subsequent lease contract award for the same goods or equipment.
- 7.12.11 In accordance with the Public Contract Regulations 2015 (Regulations 106 and 110) the Trust has a legal obligation to ensure that they advertise any new contract opportunity over £25,000 through the new national Government Contracts Finder portal and must subsequently ensure the respective award is also published. All competitive quotations/tenders should come through the e-tendering portal to ensure compliance and publication to the Government Contracts Finder.
- 7.12.12 All Trust quotation/tenders or waivers over £25,000 in value must result in a signed contract between the supplier and the Trust under agreed terms and conditions, clear specifications and KPI's where appropriate. These will be retained through the Trust Procurement Source To Contract System. Any exceptions to this are at the discretion of the Director of Procurement.

## **8. CONTRACTS FOR THE PROVISION OF SERVICES**

### **8.1 Service Contracts**

- 8.1.1 The Board of Directors shall regularly review and shall at all times maintain and ensure the capacity and capability of the Trust to provide the mandatory goods and services referred to in its Terms of Authorisation and related schedules.
- 8.1.2 The Chief Executive, as the Accounting Officer, is responsible for ensuring the Trust enters into suitable Service Contracts with NHS England/Clinical Commissioning Groups and other commissioners for the provision of services and for considering the extent to which any NHS Standard Contracts issued by the Department of Health or NHS Improvement are mandatory for Service Contracts.
- 8.1.3 Where the Trust enters into a relationship with another organisation for the supply or receipt of other services, clinical or non-clinical, the responsible

officer should ensure that an appropriate contract is present and signed by both parties.

- 8.1.4 All Service Contracts and other contracts shall be legally binding, shall comply with best costing practice and shall be devised so as to manage contractual risk, in so far as is reasonably achievable in the circumstances of each contract, whilst optimising the Trust's opportunity to generate income for the benefit of the Trust and its service users.
- 8.1.5 In discharging this responsibility, the Chief Executive should take into account:
- (a) Costing and pricing (in accordance with Payment by Results or alternatively agreed payment mechanism) and the activity / volume of services planned;
  - (b) The standards of service quality expected;
  - (c) The relevant national service framework (if any);
  - (d) Payment terms and conditions;
  - (e) Amendments to contracts and non-contractual arrangements; and
  - (f) Any other matters relating to contracts of a legal or non-financial nature.
- 8.1.6 Prices should match national tariff, where appropriate, but the Trust can negotiate locally agreed prices, where services are not covered by the national tariff.
- 8.1.7 The CFO shall produce regular reports detailing actual and forecast income.
- 8.1.8 The CFO shall oversee and approve cash flow forecasts, including figures relating to the collection of all income due under the contracts.
- 8.1.9 The authorisation limits for signing service contracts are set out in Annex 4, Section 4.

## **8.2 Involving Partners and Jointly Managing Risk**

- 8.2.1 A good contract will result from a dialogue of clinicians, users, carers, public health professionals and managers. It will reflect knowledge of local needs and inequalities. This will require the Chief Executive to ensure that the Trust works with all partner agencies involved in both the delivery and the commissioning of the service required. The contract will apportion responsibility for handling a particular risk to the party or parties in the best position to influence the risk in question and financial arrangements should reflect this. In this way the Trust can jointly manage risk with all interested parties.

## **8.3 Tendering (where UHS is a competing body)**

- 8.3.1 Where UHS participate in a tendering exercise (whether in competition with others or not) for a health related service, approval must be sought according to the delegated authority limits.
- 8.3.2 Delegated authority limits associated with tendering are outlined in Annex 4, section 3.
- 8.3.3 No tender must be submitted without sign-off from the relevant authority. For absolute clarity, no Trust employee should sign a tender or contract

unless they have authority and the total contract value is within the above financial limits. All tender decisions will be reported to TEC for noting.

- 8.3.4 Staff who participate in a tendering exercise must notify the Strategy team and follow processes in accordance with the “Bidding for Contracts” policy (available on Staffnet).

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

### **9.1 Appointments & Remuneration Committee**

- 9.1.1 The Trust Board shall establish an Appointments & Remuneration Committee, with clearly defined terms of reference specifying which posts fall within its area of responsibility, its composition and its reporting arrangements.

- 9.1.2 Any Trust Board post and some Senior Manager posts will be subject to the requirements of the Fit and Proper Persons Test which is administered by Human Resources. Human Resources are responsible for keeping the list of applicable posts up to date.

- 9.1.3 Appointments to senior management or Director posts above the salary of the Prime Minister (currently circa £150k) must be referred to NHS Improvement and onward ratification by the Secretary of State.

### **9.2 Staff Appointments, Terminations and changes**

- 9.2.1 An Employee or Director to whom a staff budget or part of a staff budget is delegated may engage employees, or hire agency staff subject to any approval that may be required by the Recruitment Vetting Panel (if applicable) and provided the post is within the limit of his approved budget and affordable staffing limit. He/she may also regrade employees after consultation with their Human Resources Business Partner and job evaluation has taken place in accordance with Trust policy.

- 9.2.2 The Trust’s primary mechanism of engagement is for workers to be placed on payroll either through permanent employment or fixed term contracts. Where a requirement for temporary resourcing appears (or a specific short-term skills shortage) alternative forms of resourcing may be used including Bank and Agency. The use of bank must be in line with the Trust’s procedures for booking temporary staff. Agency bookings should be in line with the Trust procedures, ensuring required sign off is obtained and that NHS and Tax regulation are complied with. Any off-payroll engagements must be approved by the CFO prior to contract signature.

- 9.2.3 All contracts of employment including recruitment, promotions and terminations will be transacted via ESR (Electronic Staff Record) by Self Service or where applicable through the appropriate HR team. Please see the Staffnet Quick Guide to HR processes for guidance.

- 9.2.4 All staff employed by the Trust will be issued a contract of employment. All agency staff engaged should be via an approved framework agency and through the Trust's agreed supplier. Any individuals directly engaged, who sit outside of these 2 categories, should have a suitable contractual agreement in place. Engagement of agencies should also be in line with prevailing NHS Improvement requirements and rules.
- 9.2.5 A termination of employment form must be submitted by the employee's line manager through manager self service on ESR before the termination date.
- 9.2.6 Any appointments should follow the Trust Recruitment Policy found on Staffnet.
- 9.2.7 As a general principle the Trust will seek to avoid the requirement to make staff redundant. The Trust will therefore always seek to redeploy staff where appropriate.
- 9.2.8 In the event that redundancy cannot be avoided the Trust shall:
- i) Develop selection criteria based upon the agreed Trust Organisational Change Policy which includes affordability, and
  - ii) Complete the Trust redundancy approval form and submit to the HR Business Partner.
- 9.2.9 Changes to, and or creation of, local terms and conditions will be a matter for Pay Steering Group. Where necessary, for major changes, it may be appropriate for this to be authorised by either Trust Remuneration Committee or Trust Board,
- 9.2.10 The Trust must seek approval from NHS Improvement before commissioning Management Consultants above a cap of £50k.

### **9.3 Processing Payroll**

- 9.3.1 The Director of Human Resources shall be responsible for the final determination of pay, including the verification that the rate of pay and relevant conditions of service are in accordance with current agreements.
- 9.3.2 The CFO is responsible for the agreement to and management of the Payroll Contract with outside providers.
- 9.3.3 Regardless of the arrangements for providing the payroll service, the CFO shall ensure that the chosen method is supported by appropriate (contractual) 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.
- 9.3.4 Managers and employees are jointly responsible and accountable for ensuring claims for pay and expenses are timely, correct and any under or over payments are highlighted as soon as discovered. The process and procedures related to pay related claims and under/ over payments is contained in the Trust's Pay policy. This policy sets out that pay claims in excess of normal contractual hours will only be paid within 3 months of the extra shift/ hours.

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

### **10.1 Delegation of Authority and Service Development Business Cases**

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

10.1.2 Council of Governors will be consulted on significant transactions – see Annex 2.

### **10.2 Requisitioning and Ordering Goods and Services**

10.2.1 The Chief Financial Officer will set out:

- a) The list of managers who are authorised to place requisitions for the supply of goods and services, via an approvals hierarchy; and
- b) The maximum level of each requisition and the system for authorisation above that level. Authorisation limits are specified at Annex 4, Section 2.

10.2.2 The requisitioner, in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the Trust. In so doing, the advice of the Trust Director of Procurement shall be sought. Where this advice is not acceptable to the requisitioner, the CFO shall be consulted.

10.2.3 Once the item to be supplied (or service to be performed) has been identified the requisitioner should raise a requisition.

10.2.4 The Trust operates a “No Purchase Order No Pay” policy. All orders require a Purchase Order prior to being place. The Chief Financial Officer will maintain and monitor a list of exemptions, including:

- a) Invoices relating to the previous financial system;
- b) Pay overs i.e. HMRC , Pensions, child support, court fees;
- c) Salary sacrifice;
- d) Opticians;
- e) Inter NHS Recharges;
- f) General personal reimbursements;
- g) Litigation;
- h) Local Authority costs;
- i) Translation costs;
- j) Payments controlled in other systems e.g. JAC for Pharmacy

### **10.3 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services**

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

10.3.2 The CFO will:

- a) Prepare procedural instructions (where not already provided in the Scheme of Delegation or procedure notes for budget managers) on the obtaining of goods, works and services incorporating these thresholds;

- b) Be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
- i) **Authorisation:**
    - a list of Directors and Employees able to authorise invoices and that the expenditure has been authorised by the officer responsible for the contract or budget which is to be charged
  - ii) **Certification:**
    - goods have been duly received, examined and are in accordance with specification and the prices are correct. Certification of accounts may either be through a goods received note or by personal certification by authorised officers;
    - work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
    - in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined and are reasonable;
    - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
    - where an officer certifying accounts relies upon other officers to do preliminary checking he/she shall, wherever possible, ensure that those who check delivery or execution of work act independently of those who have placed orders and negotiated prices and terms and that such checks are evidenced;
    - in the case of contract for building and engineering works which require payment to be made on account during process of the works the CFO shall make payment on receipt of a certificate from the appropriate technical consultant or authorised officer. Without prejudice to the responsibility of any consultant, or authorised officer appointed to a particular building or engineering contract, a contractors account shall be subjected to such financial examination by the CFO and such general examination by the authorised officer as may be considered necessary, before the person responsible to the Trust for the contract issues the final certificate;
  - iii) **Payments and Creditors:**
    - a timetable and system for submission to the CFO of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment.

iv) **Financial Procedures:**

- instructions to employees regarding the handling and payment of accounts within the Finance Department;
- c) Be responsible for ensuring that payment for goods and services is only made once the goods and services are received (except where a prepayment is agreed).

10.3.3 Prepayments are only permitted where the financial advantages outweigh the disadvantages. In such instances:

- a) The appropriate Director must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the Trust if the supplier is at some time during the course of the prepayment agreement unable to meet his/her commitments;
- b) The supplier is of sufficient financial status or able to offer a suitable financial instrument to protect against the risk of insolvency;
- c) There are adequate administrative procedures to ensure that where payments in advance are made the goods or services are received or refunds obtained;
- d) The CFO must approve the proposed arrangements before those arrangements are contracted; and
- e) The Budget Manager is responsible for ensuring that all items due under a prepayment contract are received and must immediately inform the appropriate Director if problems are encountered.

10.3.4 Managers must ensure that they comply fully with the guidance and limits specified by the CFO and that:

- a) All contracts (other than for simple purchase permitted within the Scheme of Delegation or delegated budget), leases, tenancy agreements and other commitments which may result in a liability are notified to the CFO in advance of any commitment being made;
- b) No requisition/order is placed for any item or items for which there is no budget provision unless authorised by the CFO on behalf of the Chief Executive;
- c) Changes to the list of Directors and Employees authorised to certify invoices are in accordance with the scheme approved by the Board;
- d) Purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the CFO;
- e) Petty cash records are maintained in a form as determined by the CFO;
- f) Contracts above specified thresholds are advertised and awarded in accordance with EU and GATT rules on public procurement; and
- g) All requisitions must be approved in line with the Trust Authorisation Framework.
- h) In certain circumstances, where regular transactions are made for items such as travel, course and accommodation bookings and one off purchases, a Trust purchasing card can be an alternative means of procurement. All purchase card holders are required to follow the Trust purchasing card procedure and will be required to sign a declaration agreeing to the terms of the procedure.

## **11. EXTERNAL BORROWING, PUBLIC DIVIDEND CAPITAL AND CASH INVESTMENTS**

### **11.1 External Borrowing**

- 11.1.1 The Trust may borrow money for the purposes of, or in connection with, its strategic objectives and its operational functions.
- 11.1.2 The total amount of the Trust's borrowing must be affordable within NHS Improvement's Single Oversight Framework for Trusts.
- 11.1.3 Any application for a loan or overdraft facility must be approved by the Board and will only be made by the CFO or a person with specific delegated powers from the CFO. Use of such loans or overdraft facilities must be approved by the CFO.
- 11.1.4 All short term borrowings should be kept to the minimum period of time possible, consistent with the overall cash position. Any short term borrowing requirement in excess of one month must be authorised by the CFO.
- 11.1.5 All long-term borrowing must be consistent with the plans outlined in the current Trust Operational Plan approved by the Board.

### **11.2 Public Dividend Capital ("PDC")**

- 11.2.1 The amount of Public Dividend Capital at the point in time when the former NHS Trust became an authorised Foundation Trust will become the initial PDC of the FT to be held on the same conditions.
- 11.2.2 The Trust will comply with the guidance on dividend payments contained in the DH Group Accounting Manual.

### **11.3 Investments**

- 11.3.1 The Trust may invest money for the purposes of its strategic objectives and operational functions.
- 11.3.2 The Audit and Risk Committee shall set the investment policy (setting out acceptable risks and unacceptable risks) and oversee all investment transactions by the Trust. The Treasury Management Policy shall set out the guidelines and shall be approved by the Audit and Risk Committee.
- 11.3.3 Investments may be made in forming and / or acquiring an interest in bodies corporate where authorised by the Board.
- 11.3.4 Temporary cash surpluses must be held only in investments permitted by NHS Improvement and meeting the criteria approved by the Treasury Management Policy. The Treasury Management Policy will be refreshed and approved by the Audit and Risk Committee on an annual basis.
- 11.3.5 The CFO is responsible for advising the Board on investments and shall periodically report the performance of all investments held, to the Board through the Audit and Risk Committee.
- 11.3.6 The CFO will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

11.3.7 The CFO (or a senior finance manager with specific delegated powers from the CFO) will authorise all investment transactions and ensure compliance with the Treasury management policy at all times, with no investment made which would be outside the laid-down parameters for investment risk management in the policy. All investments are subject to periodic review and monitoring by the Audit and Risk Committee.

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

### **12.1 Capital Investment**

12.1.1 The Trust will establish a Trust Investment Group comprising at least 4 executive directors and chaired by the Chief Financial Officer to oversee its allocation of capital investment. The Director of Transformation will ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon the Trust's Operational Plan and the Capital Investment Plan.

12.1.2 The Investment Group will oversee the development and monitoring of an annual capital plan, including any changes to the plan as necessary in year.

### **12.2 Approval of Capital Business Cases**

12.2.1 Approval of capital business cases will follow the approval limits outlined in the Trust Approval Framework in Annex 4, Section 1.

12.2.2 Defined groups with specific approval limits are as follows:

<b><i>Programme allocations within Capital Plan</i></b>	<b><i>Group/ individual responsible for approval</i></b>
<i>Backlog Maintenance</i>	Director of Estates & Capital Development/ Head of Operational Estate Maintenance
Replacement leases	Leasing sub-committee
Health & Safety	Health & Safety Manager
<i>Infrastructure, Development Infrastructure, Space Issues, Defects Resolution, Fire Safety, Advanced Design Fees, Contingency</i>	Director of Estates & Capital Development
Medical Equipment	Medical Equipment Panel
Information Systems	Information Systems Steering Group
Theatre Instrumentation	Director of Operations, Division A

12.2.3 Delegated capital limits refer to overall contract values, regardless of the form of funding (e.g. lease, capital up-front, bullet payment or managed service contract).

12.2.4 The delivery of capital schemes within approved budgets will be the responsibility of a named officer within the business case. Where costs are reasonably foreseeable to exceed the approved budget by more than £150k or more than 10%, then further approval from the authorising body will be required. In extremis, where this threshold is reached and it is not possible to obtain the necessary approval in a timely manner, the Chair of the authorising body will be informed and may exercise Chair's action to approve the additional expenditure with subsequent reporting to the

authorising body at its next meeting. In situations where the additional expenditure increases the cost of the scheme beyond the approval limit of the original authorising body, that authorising body may approve the additional expenditure but will report such to the body with which the approval limit for the revised total scheme cost resides.

- 12.2.5 Minor changes to the Trust's IISS managed service contract, up to a maximum value of £100k, can be approved by the Deputy Director of Finance. All changes must be reported to the Trust Investment Group.
- 12.2.6 The Trust Investment Group will set out and periodically review and update the format and minimum required content of business cases. This will typically include:
  - a) An option appraisal of potential benefits compared with known costs;
  - b) Ensuring an appropriately detailed analysis of expenditure and income flows is undertaken, including documented responses from purchasers as appropriate and risk analysis testing the assumptions made; and
  - c) An analysis of the project's discounted cash flow, based on an agreed rate of return.
- 12.2.7 The Trust Investment Group will report on major issues to Trust Executive Committee and Trust Board via the capital section of the monthly Finance Report and within the quarterly capital update.
- 12.2.8 The Southampton Hospital Charity, or other charities, may choose to donate assets to the Trust. For values less than £100k, and where the revenue consequences of the expenditure (e.g. maintenance) can be managed within existing budgets, the capital can be authorised by the Charity Board and the revenue consequences can be authorised by the Divisional Management Team.
- 12.2.9 For charitably funded initiatives for more than £100k, or where additional revenue budget is required to cover on-going costs, a case should be submitted to the Trust Investment Group.
- 12.2.10 Once capital is approved, the Chief Financial Officer is responsible for choosing the most appropriate source of finance, aligned to the Trust Treasury Management policy.
- 12.2.11 Finance leases reaching the end of their contractual term are included as Capital expenditure. The Trust Investment Group has authorised the Leasing Sub-Committee to manage and approve the buy-out and/or direct replacement of leases. Where new equipment is required, a business case needs to go to Trust Investment Group for approval before a decision on whether to lease or direct purchase can be made.

### **12.3 Private Finance Initiative**

- 12.3.1 Proposals for Private Finance must be submitted to the Trust Investment Group for approval or review prior to request for approval by Trust Board if required.

### **12.4 Asset Registers**

- 12.4.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of advice from the CFO concerning the form of any

register and the method of updating. Appropriate adjustments must be made to reflect actual Trust assets currently in use. All items over £5,000 must be recorded on the Fixed Asset Register.

- 12.4.2 The CFO shall prepare procedural instructions on the disposal of assets.
- 12.4.3 Additions to the fixed asset register must be clearly identified to the associated senior service user/ owner 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.
- 12.4.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).
- 12.4.5 The CFO shall approve procedures for reconciling balances on fixed assets accounts in the general ledger against balances on the fixed asset register.
- 12.4.6 The value of each asset shall generally be depreciated using appropriate methods and rates in line with accounting standards.

## **12.5 Security of Assets**

- 12.5.1 The overall control of fixed assets is the responsibility of the Chief Executive.
- 12.5.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, including donated assets) must be approved by the CFO. This procedure shall make provision for:
- a) Recording managerial responsibility for each asset;
  - b) Identification of additions and disposals;
  - c) Identification of all repairs and maintenance expenses
  - d) Physical security of assets;
  - e) Periodic verification of the existence of, condition of, and title to, assets recorded;
  - f) Identification and reporting of all costs associated with the retention of an asset; and
  - g) Reporting, recording and safekeeping of cash, cheques, and negotiable instruments.
- 12.5.3 The CFO shall approve procedures for reconciling balances on fixed assets accounts in the general ledger against balances on the fixed asset register.
- 12.5.4 All discrepancies revealed by verification of physical assets to the fixed asset register shall be notified to the appropriate manager who shall inform the CFO who shall decide what further action shall be taken.
- 12.5.5 Whilst each employee has a responsibility for the security of property of the Trust, it is the responsibility of Directors and senior employees in all disciplines to apply such appropriate routine security practices in relation to

NHS property as may be determined by the Trust Board. Any breach of agreed security practices must be reported.

- 12.5.6 Any damage to the Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by Directors and Employees in accordance with the procedure for reporting losses and the requirements of insurance arrangements.
- 12.5.7 Whenever practicable, assets should be marked as Trust property.
- 12.5.8 Inventories shall also be maintained and receipts obtained for:
  - a) Equipment on loan;
  - b) All contents of furnished lettings.

## **12.6 Property (Land and Buildings)**

- 12.6.1 Significant changes relating to the Trust's Estate must receive the prior approval of the Trust Investment Group and Trust Executive Committee.
- 12.6.2 The following matters related to property must be approved by the Trust Board:
  - a) An Estate Strategy;
  - b) Acquisition of freehold property over £250,000 (excluding VAT); and
  - c) Acquisition of property where the total value of the agreement is over £250,000 (excluding VAT) by means of a lease, whether it is deemed to be an operating or finance lease.
- 12.6.3 Property purchases, licences and leases up to £250,000 each (excluding VAT) may be authorised by the Trust Investment Group, provided that they fall within the Board's approved Estates Strategy and that the cost is within 10% of an independent valuation.
- 12.6.4 The complexity of any property reports to the Trust Board should be determined by the materiality of the consideration or lease payments and any contentious issues, and must contain:
  - a) Details of the consideration or lease payments;
  - b) Details of the period of the lease;
  - c) Details of the required accounting treatment;
  - d) Annual running costs of the property;
  - e) Funding sources within the Trust of both capital and revenue aspects of the acquisition;
  - f) The results of property and ground surveys;
  - g) Professional advice taken and the resultant cost;
  - h) Details of any legal agreement entered into;
  - i) Any restrictive covenants that exist on the property; and
  - j) Planning permission.

- 12.6.5 Any property acquisition should be in accord with, Department of Health guidance.
- 12.6.6 The contracts to acquire the property must be signed by two Executive Directors, one of whom should be the Chief Executive.
- 12.6.7 Appointment of professional advisors must be in line with the separate procedures for the appointment of advisors.
- 12.6.8 Trust Board approval must be obtained for the disposal of any property over £250,000 (excluding VAT) which is recorded on the balance sheet of the Trust. A business case must be presented to the Trust which must include:
  - a) The proceeds to be received;
  - b) Any warrants or guarantees being given; and
  - c) Independent valuations obtained.
- 12.6.9 The disposal must be effected in full accord with Estate code.
- 12.6.10 Disposals of protected assets require the approval of NHS Improvement.
- 12.6.11 Major divestments as defined in the Foundation Trust Compliance Framework require the approval of NHS Improvement.
- 12.6.12 The granting of property leases by the Trust must have prior Board approval where the annual value of the lease is in excess of £250,000

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

#### **13.1 Inventory Stores and Inventory**

- 13.1.1 Inventory Stores, defined in terms of controlled stores and department stores (for immediate use) and stock held by the Trust should be kept to a minimum subjected to at least an annual stock take valued at the lower of cost and net realisable value. Inventory shall be controlled on a First In first Out (FIFO) basis wherever possible; cost shall be ascertained on either this basis or on the basis of average purchase price. The cost of inventory shall be the purchase price without any overheads, but including value added tax where this cannot be reclaimed on purchase.
- 13.1.2 Subject to the responsibility of the CFO for the systems of control, overall responsibility for the control of Inventory Stores and Inventory shall be the responsibility of the Director of Procurement. The day-to-day responsibility may be delegated by him/her to departmental officers and stores managers and keepers, subject to such delegation being entered in a record available to the CFO. The control of pharmaceutical stocks shall be the responsibility of the Deputy Chief Pharmacist; and the control of fuel oil the responsibility of the Director of Estates.
- 13.1.3 The responsibility for security arrangements and the custody of keys for all Inventory Stores and locations shall be clearly defined in writing by the Head of Supply Chain wherever practicable, stocks should be marked as Health Service property.
- 13.1.4 The CFO, in conjunction with the Director of Procurement and Supply Chain, shall set out procedures and systems to regulate the Inventory stores and the inventory contained therein, including records for receipt of goods, issues, and returns to suppliers, and losses and specify all 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; all goods received shall be entered onto an appropriate goods received/inventory record (whether a computer or manual system) on the day of receipt:

- a) If goods received are unsatisfactory the records shall be marked accordingly. Where goods received are seen to be unsatisfactory, or short on delivery, they shall only be accepted on the authority of a designated officer and the supplier shall be notified immediately;
- b) Where appropriate the issue of stocks shall be supported by an authorised requisition note and a receipt for the stock issued shall be returned to the designated officer independent of the storekeeper.

13.1.5 Stocktaking arrangements shall be agreed with the CFO and shall specify:

- a) The procedures of system for the control of consignment stock will be defined in the Consignment Inventory Policy;
- b) That there shall be a physical check covering all items in store at least once a year;
- c) The physical check shall involve at least one officer other than the storekeeper, and a member of staff from the Finance Department shall be invited to attend;
- d) The stocktaking records shall be numerically controlled and signed by the officers undertaking the check;
- e) Any surplus or deficiencies revealed on stocktaking shall be reported in accordance with the procedure set out by the CFO.

13.1.6 Where a complete system of inventory control is not justified, alternative arrangements shall require the approval of the CFO.

13.1.7 The Director of Procurement shall be responsible for a system approved by the CFO for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. Any evidence of significant overstocking and of any negligence or malpractice shall be reported to the CFO (see also SFI 14, Disposals, Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

13.1.8 Breakages and other losses of goods in stock shall be recorded as they occur. Tolerance limits shall be established for all stocks subject to unavoidable loss, e.g. natural deterioration of certain goods (see also SFI 14, Disposals, Condemnations, Losses and Special Payments).

13.1.9 Inventory that has deteriorated, or are not usable for any other reason for their intended purposes, or may become obsolete, shall be written down to their net realisable value. The write down shall be approved by the CFO and recorded.

13.1.10 For goods supplied via the NHS Supply Chain central warehouses, or Trust Supplies Stores, the Chief Executive shall identify those authorised to requisition and accept goods from the store.

13.1.11 It is a duty of officers responsible for the custody and control of inventory to notify all losses, including those due to theft, fraud and arson, in accordance with SFI 14.

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

### **14.1 Disposals and Condemnations (see also Trust Disposals Policy)**

14.1.1 The CFO shall prepare detailed procedures for the disposal of assets including capital assets and condemnations.

14.1.2 When it is decided to dispose of a Trust asset, the Head of Department or authorised deputy will:

- a) Establish whether it is needed elsewhere in the Trust;
- b) Determine and advise the Finance Department of the estimated market value of the item, taking account of professional advice where appropriate. The highest possible disposal value will be realised, taking into account potential risks and reputational impacts.

14.1.3 All unserviceable articles shall be:

- a) Condemned or otherwise disposed of by an employee authorised for that purpose by the CFO;
- b) Recorded by the condemning officer in a form approved by the CFO which will indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the CFO.

14.1.4 The condemning officer shall satisfy him/herself as to whether or not there is evidence of negligence in use and shall report any such evidence to the CFO, who will take the appropriate action.

14.1.5 Disposals of assets valued at over £100k (higher of either market value or net book value) must be approved by the Chief Executive.

### **14.2 Losses and Special Payments Procedures**

14.2.1 The CFO must prepare procedural instructions on the recording of and accounting for condemnations, losses and special payments in accordance with DH Group Accounting Manual and prepare a register.

14.2.2 The CFO must also prepare a 'fraud response plan' that sets out the action to be taken both by persons detecting a suspected fraud and those persons responsible for investigating it. (See Trust Counter Fraud & Corruption Policy and Procedures).

- 14.2.3 Any employee discovering or suspecting a loss of any kind must immediately act according to the Trust's Counter Fraud & Corruption Policy and Procedures.
- 14.2.4 The CFO is responsible for monitoring compliance with the Directions of the Secretary of State and with any other instructions issued by The NHS Counter Fraud Authority.
- 14.2.5 The Directorate or Service Manager shall inform the CFO of all other losses or recoveries of previous reported losses so that they can be entered in the losses and special payments register.
- 14.2.6 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the CFO shall inform the Chief Executive in cases where the loss may be material or where the incident may lead to adverse publicity.
- 14.2.7 The CFO shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.
- 14.2.8 For any loss, the CFO should consider whether any insurance claim can be made against insurers.
- 14.2.9 All losses and special payments (other than compensation payments) shall be recorded without delay in the Trust's Losses Register, to be maintained by the CFO and investigated in such a manner as the CFO may require. Write-off action shall be recorded against each entry in the register. Losses and special payments are defined at Annex 1.

## **15. INFORMATION TECHNOLOGY**

### **15.1 Computer Systems and Data**

- 15.1.1 The Chief Executive, supported by the Director of Informatics, who is responsible for the accuracy and security of the computerised financial data of the Trust, shall devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Trust's data, programs and computer hardware for which he/she is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1984; 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 ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as he/she may consider necessary are being carried out ensure procedures are in place to limit the risk of, and recover promptly from, interruptions to computer operations.
- 15.1.2 The CFO 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.

- 15.1.3 The CFO 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.
- 15.1.4 Where another health organisation or any other agency provides a computer service for financial applications, the CFO shall periodically seek assurances that adequate controls are in operation.
- 15.1.5 Where computer systems have an impact on corporate financial systems the CFO shall be satisfied that:
- a) Systems acquisition, development and maintenance are in line with the Trust's Information Strategy;
  - b) Data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists;
  - c) Finance staff have access to such data;
  - d) Have adequate controls in place; and
  - e) Such computer audit reviews as are considered necessary are being carried out.
- 15.1.6 No software package for use on trust equipment (PCs, laptops, tablets) should be purchased without the knowledge of the Informatics department. Any quotes to purchase software should therefore be managed through the IT helpdesk.

No hardware equipment should be connected to the network without the approval of the Informatics department.

The Trust Information Strategy Steering Group (ISSG) has an approval limit of £300k for projects. It will be at the discretion of the Director of Informatics or other senior Informatics managers whether a case requires discussion at ISSG.

## **16. PATIENTS' PROPERTY**

### **16.1 Patients' Property and Income**

- 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. Staff have a duty of care to make every effort to take care of patients' possessions, which are **not** handed in for safe keeping, particularly if the patient does not have the capacity to look after their own possessions, This includes items of daily living such as glasses, false teeth, hearing aids etc.
- 16.1.2 The Chief Executive is responsible for ensuring that patients or their guardians, as appropriate, are informed before or at admission, (by notices and information booklets, hospital admission documentation and property records, and/or the oral advice of administrative and nursing staff responsible for admissions), of the Trust's policy that the Trust will not accept responsibility or liability for patients' property brought into Health Service premises, subject to the exceptions identified above, unless it is handed in for safe custody and a copy of an official patients' property record

is obtained as a receipt. Patients electing not to conform to this guidance must indemnify the Trust against any loss.

- 16.1.3 The CFO will provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients' property (including instructions on the disposal of the property of deceased patients and of patients transferred to other premises) for all staff whose duty it is to administer, in any way, the property of patients. Due care should be exercised in the management of a patient's money.
- 16.1.4 Where Department of Health instructions require the opening of separate accounts for patients' monies, these shall be opened and operated under arrangements agreed by the CFO.
- 16.1.5 In all cases where property of a deceased patient is of a total value in excess of £5,000 (or such other amount as may be prescribed by any amendment to the Administration of Estates, Small Payments, Act 1965), the production of Probate or Letters of Administration shall be required before any of the property is released. Where the total value of property is £5,000 or less, forms of indemnity shall be obtained.
- 16.1.6 Staff should be informed, on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.
- 16.1.7 Where patients' property or income is received for specific purposes and held for safekeeping the property or income shall be used only for that purpose, unless any variation is approved by the patient or patient's representative as appropriate, in writing.
- 16.1.8 Patients' income, including pensions and allowances, shall be dealt with in accordance with current Department of Health and Department of Social Security instructions and guidelines.

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

### **17.1 Introduction**

- 17.1.1 The Trust is the sole corporate Trustee of Southampton Hospital Charity (registered charity number 1051543), and is responsible for the management of funds it holds on trust. Although the management processes may overlap with those of the Trust, the trustee responsibilities must be discharged separately and full recognition given to the accountability to the Charity Commission for charitable funds held on trust.
- 17.1.2 This section of SFIs is intended to provide guidance to persons who have been delegated to act on behalf of the corporate trustee. As management processes overlap, most of the sections of these SFIs will apply to the management of funds held on trust. This section covers those instructions which are specific to the management and governance of funds held on trust.
- 17.1.3 The over-riding principle is that the integrity of each fund must be maintained and statutory and fund obligations met. Materiality must be assessed separately from Exchequer activities and funds.
- 17.1.4 The Trust Board hereby nominates the Director of Nursing, who has executive responsibility for the Charitable Funds team, to have primary

responsibility to the Trust Board for ensuring that these SFIs are applied in respect of Charitable Funds.

- 17.1.5 The Trust shall ensure the establishment of the Southampton Hospital Charitable Funds Committee, to which it delegates the majority of its Trustee role as set out in the Committee's Terms of Reference.

## **17.2 Administration of Charitable Funds**

17.2.1 The CFO shall:

- a) Authorise any transaction of funds between investment vehicles;
- b) Oversee the preparation and procedure of the annual accounts and the annual audit.

17.2.2 The Charity Funds Manager shall:

- a) Arrange for the administration of all existing charitable funds including clear electronic and paper record keeping in accordance with the recommendations of internal and external audit;
- b) Ensure that each fund has a specific fund objective and that funds are spent appropriately, timely and in line with the donor wishes;
- c) Produce codes of procedure covering the financial management of funds held;
- d) Ensure funds are held within designated or restricted accounts in accordance with charity law;
- e) Periodically review the funds and any subsidiary funds, rationalise funds within statutory guidelines, and report changes to the Southampton Hospital Charitable Funds Committee;
- f) Recommend additional funds where this is consistent with good practice for ensuring the safe and appropriate management of restricted/designated funds, in particular ensuring that the new fund could not adequately be managed as part of an existing fund;
- g) Ensure that all charitable funds are banked in accordance with the Trust's SFI for banking arrangements;
- h) Report income and expenditure totals on a monthly basis to the Director of Nursing and to the Southampton Hospital Charitable Funds Committee at the quarterly meetings;
- i) Ensure that charitable funds' income and expenditure is managed with due regard to taxation implications;
- j) Prepare the annual accounts and Trustee's report in the required format for timely submission to the Auditors, Southampton Hospital Charitable Funds Committee and the Charity Commission.

## **17.3 Fundraising & Incoming Funds**

17.3.1 The Director of Southampton Hospital Charity shall:

- a) Introduce and enforce policies, systems and procedures to ensure that officers of the Trust are informed as to how to proceed when offered funds that donors' intentions are recorded and that formal receipting and thanking procedures are in place;
- b) Prioritise fundraising projects/appeals and prepare plans for agreement with the Southampton Hospital Charitable Funds Committee;

- c) Market and promote fundraising while maintaining a unified brand and adhering to charity regulations;
- d) Build, maintain and utilise donor records in accordance with the Data Protection and Freedom of Information Acts;
- e) Work in close partnership with other charities supporting the hospital, performing a liaison role where appropriate;
- f) Build and maintain a staff team and network of volunteers and funders;
- g) Generate continuous and unrestricted income in order to become sustainable;
- h) Alert the Charitable Funds Committee to any irregularities regarding the use of the charity's name or its registered charity number;
- i) Ensure that adequate insurance is in place for all fundraising activities.

#### **17.4 Investment Income**

17.4.1 Investment will be the responsibility of Southampton Hospital Charitable Funds Committee or if appropriate will be devolved to a sub-committee (to include the Charity Chair, the CFO, and the Charity Funds Manager and/or appropriate replacements when required).

17.4.2 Its responsibilities will include:

- a) Ensure that investment is in accordance with the Charity's investment policies;
- b) Commission any required investment advisors;
- c) Monitor the performance of investments and seek clarification from the investment advisors on any relevant issues;
- d) Report any significant concerns to the Trust Board;
- e) Review and recommend to the Trust Board the appointment of investment advisors every three years.

17.4.3 The Charity Funds Manager will:

- a) Report investment performance to the Southampton Hospital Charitable Funds Committee;
- b) Minute investment decisions;
- c) Allocate dividends, interest, and realised and unrealised gains and losses across the funds appropriately.

#### **17.5 Expenditure**

17.5.1 Day to day management of individual expenditure is delegated to the Charity Funds Manager and in turn to the individual charitable fund holders, within the limits set out in these instructions.

17.5.2 The powers of delegation available to commit resources are detailed in the table below. The levels of authority relate to single orders or connected multiple orders.

17.5.3 A connected multiple order could be for example:

- a) The refurbishment of a room where several suppliers are involved

- b) An ECG machine and its trolley
- c) An order to cover a period of more than one year (the whole value of the order is considered rather than each annual value).

#### 17.5.4 **Levels of Authority**

No expenditure can take place without the approval of the Charity Funds Manager.

<b>£</b>	<b>Orders can only be processed once the following people give their authority</b>
Up to £10,000	The Fund Holder  + One other authorised signatory from the relevant fund
£10,001 - £75,000	As above  + The appropriate Care Group Manager
£75,001 - £100,000	As above  + The appropriate Divisional Director of Operations
Over £100,000	As above  + The Southampton Hospital Charitable Funds Committee (reported to the Trust Board)

For matters outside the Divisional Structure:

- The appropriate line manager takes the place of the Care Group Manager.
- The CFO takes the place of the Divisional Director of Operations.

#### 17.5.5 Points to note:

- a) If the Fund Holder is absent from work for an extended period of time, an alternative signatory on the fund that holds the next senior position in the Trust (to the Fund Holder) may authorise expenditure.
- b) In cases where, for example the Fund Holder and the Care Group Manager are one and the same, the Charity Funds Manager can exercise discretion to accept authorisation from fewer signatories, subject to the minimum of two.
- c) If anyone seeking to authorise the expenditure of charitable funds is in any doubt whether the proposed expenditure is legitimate charitable expenditure, they should contact the Charity Funds Manager.

17.5.6 Where the expenditure has an impact on NHS costs, the approval of the Trust shall be sought prior to contractual commitment.

### 17.6 **Asset Management**

17.6.1 Assets granted by the Charity to the ownership of or to be used by the Trust, shall be maintained along with the general estate and inventory of assets of the Trust.

- 17.6.2 The Charity accepts no responsibility, financially or otherwise, for any liabilities arising out of the expenditure.
- 17.6.3 The Trust shall:
- a) Be responsible for insuring, safeguarding and protecting all equipment and must pay its operating, maintenance costs, and all other costs arising from the day to day running of the equipment, including any insurance;
  - b) Be responsible for replacement of the equipment, if it is to be replaced, when it comes to the end of its natural life.

## **17.7 Risk Management**

- 17.7.1 The Charity Funds Manager will be responsible for updating an annual risk register for agreement by the Southampton Hospital Charitable Funds Committee. This will address the following key areas of risk for the charity:
- a) Governance risks – e.g. inappropriate organisational structure, conflict of interest;
  - b) Operational risks – e.g. Service quality or development, security of assets, fund-raising activity;
  - c) Financial risks – e.g. accuracy and timeliness of financial information, adequacy of reserves and cash flow, investment management, recession;
  - d) External risks – e.g. public perception and adverse publicity, government policy;
  - e) Compliance with law and regulation – e.g. breach of charity law, lottery regulations.

## **18. STANDARDS OF BUSINESS CONDUCT**

- 18.1 The Chief Executive shall ensure that all staff, volunteers, and any other person associated with the activities of the Trust are made aware of, and comply with, the Trust's Business Conduct Policy. This policy details the conduct and behaviour expected of individuals with regard to:
- a) Interests (financial or otherwise) in any matter affecting the Trust and the provision of services to patients, public and other stakeholders;
  - b) Conduct by an individual in a position to influence purchases;
  - c) Employment and business which may conflict with the interests of the Trust;
  - d) Relationships and loyalties which may conflict with the interests of the Trust;
  - e) Hospitality and gifts and other benefits in kind such as sponsorship.

Declarations relating to the above must be made to the Associate Director of Corporate Affairs for inclusion in the Register of Interests.

- 18.2 The Bribery Act 2010 reforms the criminal law of bribery, making it easier to tackle this offence proactively in the public and private sectors. It introduces a corporate offence which means that organisations are exposed to criminal liability, punishable by an unlimited fine, for negligently failing to prevent bribery. In addition, the Act allows for a maximum penalty of 10 years' imprisonment for offences committed by individuals.

Under the Bribery Act 2010 it is a criminal offence to:

- a) Bribe another person by offering, promising, or giving a financial or other advantage to induce them to perform improperly a relevant function or activity, or as a reward for already having done so.
- b) Be bribed by another person by requesting, agreeing to receive or accepting a financial or other advantage with the intention that a relevant function or activity would then be performed improperly, or as a reward for having already done so.

These offences can be committed directly or by and through a third person and, in many cases, it does not matter whether the person knows or believes that the performance of the function or activity is improper. It is, therefore, extremely important that staff adhere to this and other related policies (specifically, Anti-fraud, Bribery and Corruption, Business Conduct and Whistle Blowing policies, available via staffnet).

The action of all staff must not give rise to, or foster the suspicion that they have been, or may have been, influenced by a gift or consideration to show favour or disadvantage to any person or organisation. Staff must not allow their judgement or integrity to be compromised in fact or by reasonable implication.

Staff should not be afraid to report genuine suspicions of fraud, bribery or corruption and should report all suspicions to the Local Counter Fraud Specialist (LCFS) who is responsible for tackling any concerns. Alternatively, suspicions can be reported via the National fraud and corruption reporting line (0800 028 40 60) or via the National Fraud Reporting website [www.reportnhsfraud.nhs.uk](http://www.reportnhsfraud.nhs.uk).

## 19. RETENTION OF RECORDS AND INFORMATION

- 19.1 The Chief Executive shall be responsible for maintaining archives for all records, information and data required to be retained in accordance with NHS Improvement / DH guidelines. The delegated responsibility for holding and safekeeping of contracts, in secure storage where applicable, shall be as follows:

Document	Held By
Property Deeds	Director of Estates & Capital Development
Building & Engineering Contracts	Director of Estates & Capital Development
Estate Maintenance Contracts	Head of Operational Estate Maintenance
Maintenance Contracts	Director of Procurement
Clinical Contracts	Director of Contracting
Contracts for goods and services other than the above	Director of Procurement

The managers noted in the table above will also be responsible for maintaining registers of the contracts held by them. Any other contracts not covered by the above which may be held by other Managers must be reported to the Associate Director of Corporate Affairs for a register to be maintained.

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

**19.3** Records and information held in accordance with latest NHS Improvement / DH guidance shall only be destroyed before the specified guidance limits at the express authority of the Chief Executive or CFO. Proper details shall be maintained of records and information so destroyed.

## **20. GOVERNANCE, RISK MANAGEMENT AND INSURANCE**

### **20.1 Risk Management**

20.1.1 The Chief Executive shall ensure that the Trust has a sound system of risk management and internal control set out in strategy, policy, and procedural documentation. The functioning and efficacy of the system of internal control and risk management shall be monitored and assessed for suitability by the Board of Directors and its duly established committees.

20.1.2 The risk management and associated policies shall include:

- a) A process for identifying and quantifying risks;
- b) The authority of all managers with regard to managing the control and mitigation of risk;
- c) Management processes to ensure all significant risks and potential liabilities are addressed, including effective systems of internal control, cost effective insurance cover, and decisions on the acceptable level of residual risk;
- d) Contingency plans to offset the impact of adverse events;
- e) Audit arrangements including internal audit, external audit, clinical audit and health and safety reviews.

The existence, integration and evaluation of these elements will provide a basis to make the Annual Governance Statement within the Annual Report and Accounts as required by current NHS guidance.

### **20.2 Insurance**

20.2.1 On an annual basis, the CFO shall review membership of the Non-Clinical Risk Pooling Scheme plus other insurance arrangements and recommend whether or not to continue with current arrangements

20.2.2 The Associate Director of Corporate Affairs shall act as the Trust's contact on insurance matters, liaising with Insurance Brokers over queries and negotiating renewal terms.

20.2.3 The Associate Director of Corporate Affairs shall ensure timely reporting of incidents against insurance provision on the third-party liability scheme.

20.2.4 The Associate Director of Corporate Affairs shall ensure timely reporting of losses and the submission of claims against insurance provision on the third-party liability scheme in line with the agreed limits set in these SFIs.

20.2.5 The Associate Director of Corporate Affairs shall ensure timely reporting of incidents and losses and the submission of claims against insurance provision.

### **20.3 Clinical Risk Management/CNST**

20.3.1 The Director of Nursing shall:

- a) Provide a central point of contact within the Trust for NHR/CNST issues;
- b) Report on claims to Trust Board within the set limits and values.

## **21. LITIGATION PAYMENTS**

### **21.1 Claims from Staff, Patients and the Public**

21.1.1 Out of court settlement of claims from staff, patients and the public shall be made where the NHS Resolution considers it appropriate to do so. Occupier liability claims carry an excess of £3k and employer liability claims carry an excess of £10k. Any occupier liability cases handled in house by the Trust within the excess of £3k will be notified to the Head of Litigation and Insurance Services for acknowledgement only.

21.1.2 The limits for notification of individual damages payments are as follows, given that financial responsibility for the payment of all claims is the responsibility of the NHS Resolution with the University Hospital Southampton NHS Foundation Trust as the defendant.

Up to £500k	DCD or DHoN or DDO
£501k - £1.5m	DCD and DHoN and shared with an Executive Director (usually Medical or Nursing)
>£1.5m	DCD and DHoN and shared with at least two Executive Directors and the CEO for final review and approval then reported to Trust Board

The DH must be consulted before making any special payments that are novel, contentious or repercussive. Any payments made against legal advice must be approved by the CEO and Trust Board.

### **21.2 Health and Social Care Act 2003 – NHS Charges**

21.2.1 Part 3 of the Health and Social Care (Community Health and Standards) Act 2003 makes provision for the establishment of a scheme to recover the costs of providing treatment to an injured person in all cases where that person has made a successful personal injury compensation claim against a third party.

21.2.2 Regarding any claim settled by the Trust and/or by the NHS Litigation Authority, there is a requirement to report all such matters in advance of settlement to the Compensation Recovery Unit (DWP). In the event that any NHS charges are payable these will be met in full by the compensator i.e. any other NHS Trust. In the event the compensator is University Hospital Southampton NHS Foundation the act provides that UHS is exempt from repaying their “own” costs.

## **22. EMPLOYMENT TRIBUNALS**

- 22.1** All settlement agreements must be approved by the Director of HR.
- 22.2** Any settlement agreement in excess of contractual entitlement must be approved by the Director of HR and the CFO. In certain cases, additional approval should be sought from NHS Improvement and/ or HM Treasury.
- 22.3** The out of court settlement of Employment Tribunal applications shall only be made where the Director of Human Resources advises it to be prudent so to do and only after taking into account the monetary sum involved and any legal advice received. The limits are as follows:
- | <b>Value of Payment</b> | <b>Approval</b>             |
|-------------------------|-----------------------------|
| Up to £30,000           | Director of Human Resources |
| £30,001 to £100,000     | Chief Executive             |
| £100,000 plus           | Trust Board                 |
- 22.4** NHS Improvement must be consulted before making any special payments that are novel, contentious or repercussive. The Director of HR, in the case of any compromise agreements, shall submit a business case to be approved by Treasury. Any payments made against legal advice must be approved by the Trust Board.

## **23. WHOLLY OWNED SUBSIDIARIES, HOSTED BODIES, PARTNERSHIPS AND COLLABORATIONS**

### **23.1 Wholly Owned Subsidiaries**

- 23.1.1 Subsidiary companies are separate, distinct legal entities for commercial purposes and have distinct taxation, regulatory and liability obligations. As a separate, independent company, wholly owned subsidiaries are subject to their own governance arrangements, which are the responsibility of the subsidiary's board of directors, and therefore these Standing Financial Instructions are not applicable. Reference to the subsidiary's documentation will need to be made.

### **23.2 Hosted Bodies, Partnerships and Collaborations**

- 23.2.1 Hosted bodies are organisations for which UHS provide services under a service level agreement (SLA). The arrangements for administration of hosted bodies are managed by the Commercial Development Team. UHS also works in partnership and collaboration with other organisations under service level agreements, memoranda of understanding or similar documents.
- 23.2.2 Dependent on the terms of the SLA, memorandum of understanding or equivalent, these standing financial instructions may or may not be applicable. Individual SLAs, memorandum of understanding or equivalent should be referred to on a case by case basis.

## Annex 1

### Writing-Off of Losses and Special Payments

**LOSSES:**

1. Losses of cash due to:
  - a. theft, fraud etc.
  - b. overpayment of salaries etc.
  - c. other causes
2. Fruitless payments
3. Bad debts and claims abandoned in relation to:
  - a. private patients
  - b. overseas visitors
  - c. other
4. Damage to buildings, property etc. due to:
  - a. theft, fraud etc.
  - b. other

**SPECIAL PAYMENTS:**

5. Compensation under legal obligation
6. Extra contractual to contractors
7. Ex gratia payments in respect of:
  - a. loss of personal effects
  - b. clinical negligence with advice
  - c. personal injury with advice
  - d. other negligence and injury
  - e. severance payments on termination of employment
  - f. other employment payments
  - g. patient referrals outside the UK and EEA Guidelines
  - h. other
  - i. maladministration, no financial loss
8. Extra statutory and regulatory

## **Annex 2**

### **Significant Transaction**

The Trust is obliged to report significant transactions to NHS Improvement (the independent regulator of NHS Foundation Trusts) prior to entering the transaction. Such transactions may take the form of major investments such as PFI's, incorporation of Wholly-Owned Subsidiaries, long term contracts for the provision of services or acquisitions or mergers with other NHS organisations or private sector companies.

The Trust would require both Trust Board and the Council of Governors to approve all significant transactions prior to submission to NHS Improvement.

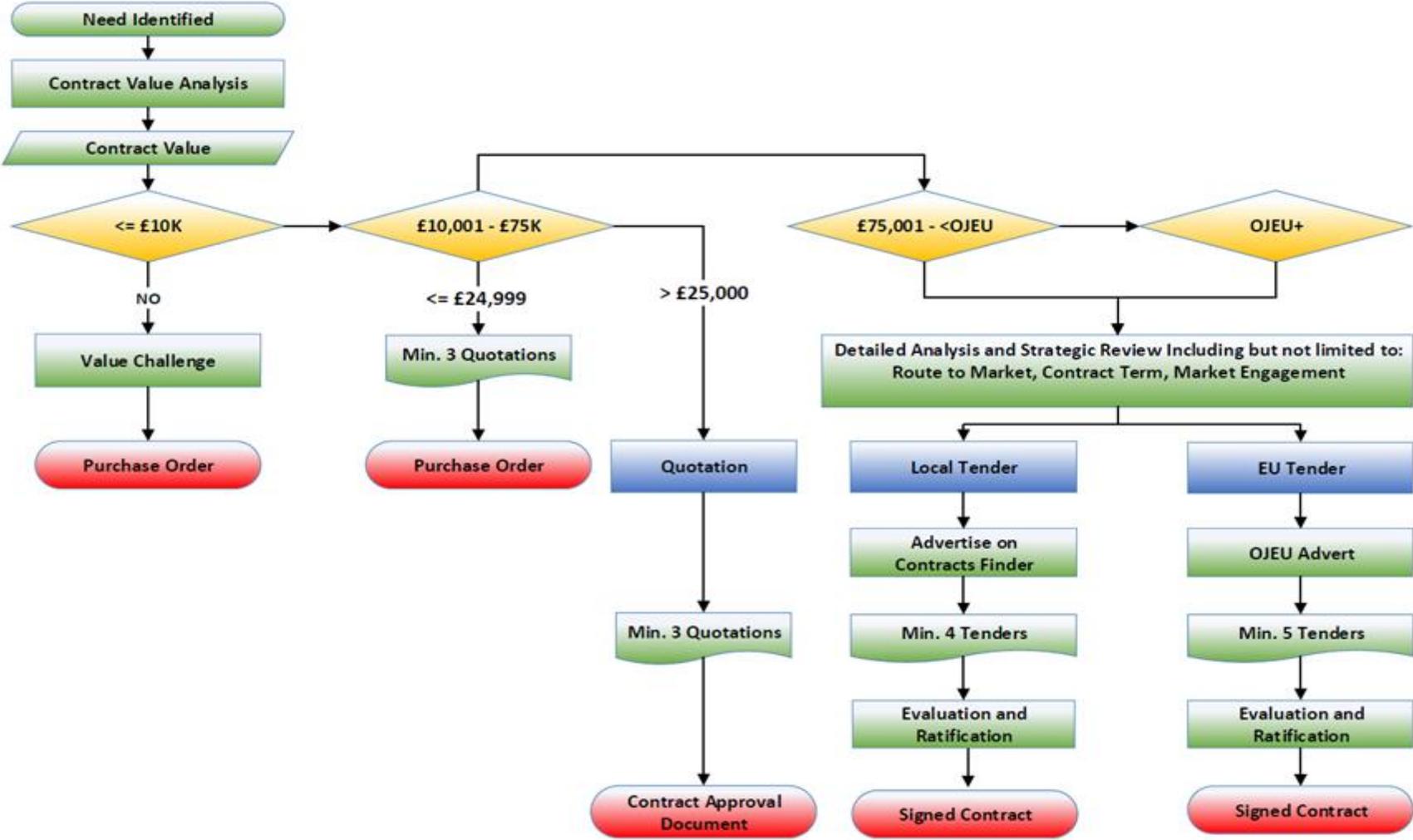
Significant transactions are defined by NHS Improvement as being equivalent to a 10% change in any one of the following three financial criteria:

1. Gross Assets
2. Attributable Income
3. Capital

The full details of the NHS Improvement guidance on significant transactions can be found in Annex 13 of the Capital regime, investment and property business case approval guidance for NHS Trusts and Foundation Trusts (published November 2015).

Competitive tendering flowchart

Competitive Tendering Flowchart



## Annex 4 – Trust Authorisation Framework

### Section 1 – Authorisation Bodies and Limits

Group	Revenue	Capital	
	Revenue Cases (with no Capital)	Revenue implications of Capital (gross annual additional cost)	Capital (gross value)
<b>Divisional Management Boards</b>	Utilisation of existing expenditure budget only.	Up to £100k, where this is managed within current revenue budget.	Up to £150k, where this is within annual Capital allocation for Division. All capital expenditure to be reported to TIG
<b>Defined groups as outlined in Capital section of SFIs</b>	N/A	N/A	Up to £150k, where this is within annual Capital allocation. All capital expenditure to be reported to TIG
<b>Recruitment Control Panel</b>	Recruitment of new posts and some replacements - as per Terms of Reference. Reporting into Savings Board.	N/A	N/A
<b>CEO or CFO</b>	Up to £100k additional expenditure budget.	Up to £100k additional expenditure budget.	Up to £150k. All capital expenditure to be reported to TIG.
<b>Savings Board</b>	Up to £500k additional expenditure budget, reporting into TEC.	N/A	N/A
<b>Trust Investment Group</b>	Up to £1,000k additional expenditure budget.	Up to £1,000k additional expenditure budget.	£0k to £2,500k. Unless approved by group above. All schemes over £2,500k should include a recommendation from TIG before Board review. Property acquisitions, leases and licences <£250k
<b>Trust Executive Committee</b>	All schemes above £1,000k should go to TEC for noting. New consultant business cases Replacement clinical consultant cases for noting	All schemes above £1,000k should go to TEC for noting.	All schemes above £2,500k should go to TEC for noting.
<b>Strategy &amp; Finance Committee</b>	All schemes above £1,000k should go to S&FC for review and recommendation to Trust Board.	All schemes above £1,000k should go to S&FC for review and recommendation to Trust Board.	All schemes above £2,500k should go to S&FC for review and recommendation to Trust Board.
<b>Trust Board</b>	Over £1,000k	Over £1,000k	Over £2,500k. Any proposed major scheme with FT compliance arrangement Property acquisitions, leases and licences > £250k
<b>NHS Improvement</b>	N/A	N/A	Any proposed major scheme within FT compliance arrangements

## Annex 4 – Trust Authorisation Framework

### Section 2 – Non-Pay Authorisation Framework

Finance and Procurement System - Rulesets		First Approver	Second Approver	Third Approver	Fourth Approver	Fifth Approver	Sixth Approver
Rule 1	Divisional Hierarchy	5k approver	25k approver	75k approver	250k approver	1m approver	Unlimited approver
Rule 2	R&D Hierarchy	5k approver	25k approver	75k approver	250k approver	1m approver	Unlimited approver
Rule 3	THQ Hierarchy	5k approver	75k approver	250k approver	1m approver	Unlimited approver	
Rule 4	Other Hierarchy - including capital, estates	75k approver	250k approver	1m approver	Unlimited approver		

<b>Authorised Non-Pay Expenditure Limits</b>	
<b>Band</b>	<b>LIMIT £</b>
<b>All Staff</b>	
Bands 1 – 4	£0
Band 5	£5,000
Band 6	£5,000
Band 7	£5,000
Band 8a	£25,000
Band 8b	£25,000
Band 8c	£75,000
Band 8d	£75,000
Band 9	£250,000
<b>Trust Board / Directors</b>	
Chief Executive	Unlimited
Chief Financial Officer	Unlimited
Chief Operating Officer	£1,000,000
Other Executive Board Director	£1,000,000
Deputy Director of Finance	£1,000,000
<b>Finance</b>	
Director of Procurement	£250,000
Assistant Director of Finance	£250,000
Financial Controller	£250,000
Head of Financial Accounting	£75,000
Treasury Manager	£5,000
Head Cashier +	£5,000
Materials Manager	£5,000
<b>Pharmacy</b>	
Chief Pharmacist	£250,000
<b>Estates &amp; Capital Development</b>	
Director of Estates & Capital Development	£250,000

## Annex 4 – Trust Authorisation Framework

### Section 3 – Contracting for Income – Financial Limits

<b>NON NHS</b>	
All limits <b>exclude</b> Value Added Tax where applicable.	
<b>Lifetime Contract value</b>	<b>Approval</b>
Up to £60,000	DDO / Commercial Director
£60,001 - £300,000	CFO
£300,001 to £1.5million	Chief Executive
£1.5million plus	Trust Board

<b>Lifetime Contract value (NHS)</b>	
Service Level Agreements	
Up to £10,000,000	Director of Contracting
Up to £200,000,000	Director of Transformation
Over £200,000,000	Chief Executive

Delegated authority limits associated with tendering to provide services					
	Divisional Director of Operations	Tender Group	Steering	CEO	Trust Board
Total value range	<£50k	<£12.5m		<£25m	>£25m
Annual value	£20k pa	<£5m pa		>£5m<£10m pa	>£10m pa

## Annex 4 – Trust Authorisation Framework

### Section 4 – Contracting for Expenditure – Financial Limits

<b>Contract Value (Excl VAT)</b>	<b>Type of Contract</b>	<b>Authorisation To Place or sign Contract</b>
Up to £10,000	Goods & Services	Director of Estates, Director of Procurement, Director of Informatics, Chief Pharmacist, CFO
£10,000 - £250,000	Goods & Services	Director of Estates, Director of Procurement, Director of Informatics, Chief Pharmacist, CFO
£250,001 - £499,999	Goods & Services	Chief Executive
Over £500,000	Goods & Services	Trust Board/Chairman

Up to £499,999	Building & Engineering	Director of Estates / Head of Estates Maintenance, CFO
£500,000 - £999,999	Building & Engineering	Chief Executive
Over £1,000,000	Building & Engineering	Trust Board/Chairman

Note: Limits based on gross expenditure, not off-set with income.

## Annex 4 – Trust Authorisation Framework

### Section 5 – Authorisation Framework for Procurement and Tendering of expenditure

#### Products & Services Procurement

Contract Value (Excl VAT)	Quotations/Tenders for Goods & Services	Min number invited to Quote/Tender	Form of Contract
Up to £10,000	No formal tender requirement	0	Purchase Order
£10,000 - £75,000	Quotation	3	Up to £24,999 -Purchase Order
			Over £25k - Contract
£75,001 - published OJEU Limit (as advised by procurement)	Formal Local Tender	4	Contract as specified in Tender and Purchase Order
>published OJEU Limit (as advised by procurement)	OJEU Tender	5	Contract as specified in Tender and Purchase Order

Threshold limits represent the contract's lifetime value e.g. a 5 year contract of £25,000 per year requires £125,000 method and authorisation.

#### Building and Estates Engineering Procurement

Contract Value (Excl VAT)	Tender for Building & Engineering	Min number invited to Quote/Tender	Form of Contract
Up to £10,000	No formal tender requirement	0	Purchase Order
£10,000 - £75,000	Quotation	3	Up to £24,999 -Purchase Order
			Over £25k - Contract
£75,001 - £499,999	Formal Local Tender	3	Contract as specified in Tender and Purchase Order
£500,000 - published OJEU Limit (as advised by procurement)	Formal Local Tender	4	Contract as specified in Tender and Purchase Order
>published OJEU Limit (as advised by procurement)	OJEU Tender	5	Contract as specified in Tender and Purchase Order

#### Waiving or Variation of Competitive Tendering/Quotation procedure

Type Of Contract	Monetary Value (Excl. VAT)	Authorisation To Place or sign Contract
Products /Services Building/Engineering/Works Contracts/Consultancy Services	Up to £75,000	Director of Estates, Director of Procurement, Director of Informatics, Head of Estates Maintenance
As above	£75,001 - £499,999	Chief Executive
As above	Over £500,000	Trust Board