

# **Standing Orders**

## **Scheme of Reservation**

## **Scheme of Delegation**

## **Standing Financial Instructions**

# Contents

About Brighton and Sussex University Hospitals	3
Standing Orders	5
Section One: Interpretation and Definitions	6
Section Two: Standing Orders	9
Scheme of Reservation and Scheme of Delegation	35
Part One: Decisions Reserved to the Board of Directors	36
Part Two: Decisions delegated to Board Committees	38
Part Three: Scheme of delegation derived from the Accounting Officer Memorandum	39
Part Four: Scheme of delegation from Standing Orders	41
Part Five: Scheme of delegation derived from Standing Financial Instructions	42
Standing Financial Instructions	50

# About Brighton and Sussex University Hospitals

## What we do

BSUH is the regional teaching hospital working across two sites: the Royal Sussex County Hospital in Brighton and the Princess Royal Hospital in Haywards Heath. The Brighton campus includes the Royal Alexandra Children's Hospital and the Sussex Eye Hospital, and the Haywards Heath campus includes the Hurstwood Park Regional Centre for Neurosciences.

We provide District General Hospital services to our local populations in and around the City of Brighton and Hove, Mid Sussex and the western part of East Sussex. We also provide more specialised and tertiary services for patients across Sussex and the south east of England.

Both hospitals provide many of the same acute services for their local populations. In addition, the Princess Royal Hospital is our centre for elective surgery and the Royal Sussex County Hospital is our centre for emergency and tertiary care. Our specialised and tertiary services include neurosciences, paediatrics, cardiac, cancer, renal, infectious diseases and HIV medicine. We are also the major trauma centre for the region.

We treat over three quarter of a million patients each year. Working as one hospital across two sites, and playing to the strengths of both, gives us the flexibility to develop services which meet the needs of our patients at different stages of their treatment and care.

Central to our ambition is our role as a developing academic centre, a provider of high quality teaching, and a host hospital for cutting edge research and innovation; on this we work with our partners, Brighton and Sussex Medical School (BSMS) and the Health Education, Kent, Surrey and Sussex (HEKSS).

We also work in close partnership with our local GPs to ensure that we are especially attentive to the quality of our District General Hospital services, especially how well we look after our most elderly patients, and that these services are provided and improved in ways which best meet the needs of those patients and their families.

## Our vision

Our vision is to be locally and nationally renowned for delivering safe, high quality and compassionate care and being the regional centre of clinical and academic excellence.

Our vision is set out in our Clinical Strategy. We aim to be:

- A provider of safe, high quality secondary and local acute services to Brighton and mid-Sussex that are integrated with services in partner agencies, financially sustainable, and responsive to the needs of the local population.
- A provider of safe, high quality, financially sustainable, tertiary services to Sussex, south-East Surrey and south-West Kent, where a Sussex-based service is in the best interests of patients
- A hub for expertise and skill in specialist provision, innovation, training and research, that supports development of clinical academic expertise and high quality networks of care across Sussex, delivered by both BSUH and partner providers

To support this vision, we will strive to achieve clinical, operational and financial sustainability. We will be:

- An organisation which achieves operational excellence to ensure it can provide safe, high quality, financially viable services
- A learning and innovative organisation whose relationship with commissioners is based on transparency and mutual respect, where priorities are aligned and the challenge of clinical and financial sustainability is shared
- An organisation which truly treats patients as both partners and co-producers and involves them closely in decisions ranging all the way from individual care choices to the future direction of the trust

More information on BSUH's work, ambitions and objectives can be found on our website:  
[www.bsuh.nhs.uk](http://www.bsuh.nhs.uk).

# Standing Orders

## Section One Interpretation and Definitions

1. Save as otherwise permitted by law, at any meeting the Chairman of the Board of Directors of the Trust shall be the final authority on the interpretation of these Standing Orders (on which they should be advised by the Chief Executive).
2. In these Standing Orders and Standing Financial Instructions, unless the context otherwise requires, all references to the masculine gender shall be read as equally applicable to the feminine gender and words importing the singular shall import the plural and vice-versa.
3. References to any statutory body shall be deemed to include any successor body or bodies which may from time to time assume all or substantially all of the functions of that original statutory body.
4. References to any statute or statutory provision shall be deemed to include any instrument, order, regulation or direction issued under it and shall be construed to include a reference to the same as it may have been, or may from time to time be, amended, modified, consolidated, re-enacted or replaced.
5. Any expression to which a meaning is given in the National Health Service Act 2006 and other Acts relating to the National Health Service or in the Financial Regulations made under the Act(s) shall have the same meaning in these Standing Orders and Standing Financial Instructions and, in addition:

“Accountable Officer” means the NHS officer who is responsible and accountable for funds entrusted to the Trust. The Accountable Officer is responsible for ensuring the proper stewardship of public funds and assets. For this Trust it shall be the Chief Executive;

“Board of Directors” means the Board of Directors, comprising a non-executive Chairman, up to six non-executive directors (excluding the Chairman) and up to five executive directors;

“Budget” means a resource, expressed in financial terms, proposed by the Board for the purpose of carrying out, for a specific period, any or all of the functions of the Trust;

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

“Chairman of the Board (or Trust)” is the person appointed by the NHS Trust Development Authority on behalf of the Secretary of State for Health to lead the Board and to ensure that it successfully discharges its overall responsibility for the Trust as a whole. The expression “the Chairman of the Trust” shall be deemed to include the Deputy Chairman of the Trust, if there is one, if the Chairman is absent from the meeting or is otherwise unavailable;

“Chief Executive” means the chief officer and Accountable Officer of the Trust;

“Chief Financial Officer” means the executive director who is the chief finance officer of the Trust;

“Clear days” means all the days in the relevant timeline except the day of commencement and day of completion;

“Commissioning” means the process for determining the need for and for obtaining the supply of healthcare and related services by the Trust within available resources;

“Committee” means a committee or sub-committee created and appointed by the Board of Directors;

“Committee members” means persons formally appointed by the Board of Directors to sit on or to chair specific committees;

“Contracting and procuring” means the systems for obtaining the supply of goods, materials, manufactured items, services, building and engineering services, works of construction and maintenance and for disposal of surplus and obsolete assets;

“Deputy Chairman” means the non-executive director appointed by the Board of Directors to take on the Chairman’s duties if the Chairman is absent for any reason;

“Executive director” means a director who is an employee of the trust and includes the Chief Executive and other executive directors appointed by the relevant committee in accordance with the Membership and Procedure Regulations, or by virtue of regulation 5 of those regulations;

“Finance and Workforce Committee” means a committee whose functions are concerned with strategic financial and workforce matters for which the Brighton and Sussex University Hospitals NHS Trust has responsibility;

“Funds held on trust” shall mean those funds which the Trust holds on date of incorporation, receives on distribution by statutory instrument or chooses subsequently to accept on trust in accordance with powers derived from Part II of the NHS Act 2006 or otherwise. Such funds may or may not be charitable;

“Member” means an executive or non-executive director of the Board as the context permits. Member in relation to the Board does not include its Chairman;

“Membership and Procedure Regulations” means National Health Service Trusts (Membership and Procedure) Regulations (SI 1990/2024);

“Nominated employee” means an employee charged with the responsibility for discharging specific tasks within Standing Orders and Standing Financial Instructions;

“Non-executive director” means a director who is not an employee of the Trust;

“Quality and Risk Committee” means a committee whose functions are concerned with the arrangements for the purpose of monitoring and improving the quality of healthcare for which the Brighton and Sussex University Hospitals NHS Trust has responsibility;

“Rules of Procedure” means the Rules of Procedure adopted by the Board of Directors and which should be read in conjunction with these Standing Orders, the Scheme of Reservation, Scheme of Delegation and Standing Financial Instructions;

“SFIs” means Standing Financial Instructions;

“SOs” means Standing Orders; and

“Trust” means the Brighton and Sussex University Hospitals NHS Trust.

"In writing" includes references to communications sent by email, except where explicitly stated otherwise.

## Section Two Standing Orders

### 1.1 Statutory Framework

- 1.1.1 Brighton and Sussex University Hospitals NHS Trust (the Trust) is a statutory body established by the Brighton Health Care NHS Trust (Establishment) Order 1992/2536 (as amended by the Brighton Health Care NHS Trust (Change of Name) order 2003/866).
- 1.1.2 The principal places of business of the Trust are the Royal Sussex County Hospital, Brighton, and the Princess Royal Hospital, Haywards Heath.
- 1.1.3 NHS Trusts are governed by Acts of Parliament, mainly the National Health Service Act 2006.
- 1.1.4 The functions of the Trust are conferred by this legislation.
- 1.1.5 As a statutory body, the Trust has specified powers to contract in its own name and to act as a corporate trustee. In the latter role it is accountable to the Charity Commission for those funds deemed to be charitable as well as to the Secretary of State for Health.
- 1.1.6 The Trust may enter into arrangements for the carrying out, on such terms as the Trust considers appropriate, of any of its functions jointly with any Special Health Authority, Local Health Board or other NHS trust, or any other body or individual. The Trust may also make arrangements with local authorities as to the exercise of functions, in accordance with s75 of the NHS Act 2006.
- 1.1.7 Regulation 19 of the Membership and Procedure Regulations requires the Trust to adopt Standing Orders for the regulation of its proceedings and business. The Trust must also adopt Standing Financial Instructions (SFIs) as an integral part of Standing Orders setting out the responsibilities of individuals.
- 1.1.8 The Trust will also be bound by such other statutes and legal provisions which govern the conduct of its affairs.

### 1.2 NHS Framework

- 1.2.1 In addition to the statutory requirements the Secretary of State through the Department of Health, the NHS Trust Development Authority and NHS England issue further directions and guidance. These are normally issued under cover of a circular or letter.
- 1.2.2 The NHS Code of Accountability requires that, inter alia, Boards draw up a schedule of decisions reserved to the Board, and ensure that management arrangements are in place to enable responsibility to be clearly delegated to senior executives (a scheme of delegation). The code also requires the establishment of audit and nomination and remuneration committees with formally agreed terms of reference. The NHS Code of Conduct sets out various requirements including the management of conflicts of interest by Board members.
- 1.2.3 The Code of Practice on Openness in the NHS sets out the requirements for public access to information on the NHS.
- 1.2.4 NHS Trust boards are encouraged to adopt good corporate governance standards, such as those set out in The Healthy NHS Board (2013). This document recommends that boards should focus on three duties: shaping organisational culture, holding the organisation to account and setting strategy. To achieve this, boards must put in place and maintain robust corporate governance arrangements, integrated across the organization. This will encompass corporate, financial, clinical, information and research governance. Integrated governance will better enable the Board to take a holistic view of the organisation and its



capacity to meet its legal and statutory requirements and clinical, quality and financial objectives.

### **1.3 Delegation of powers**

The Trust has powers to delegate and make arrangements for delegation. The Standing Orders set out the detail of these arrangements. Under the Standing Order relating to the Arrangements for the Exercise of Functions (SO 5) the Trust's Board of Directors is given powers to "make arrangements for the exercise, on its behalf, of any of its functions by a committee, sub-committee or joint committee appointed by virtue of Standing Order 4 or by an employee of the Trust, in each case subject to such restrictions and conditions as the Board thinks fit (or as the Secretary of State may direct). Delegated Powers are covered in a separate document (Reservation of Powers to the Board and Delegation of Powers). This document has effect as if incorporated into the Standing Orders.

## **2. Board of Directors: composition, tenure and role**

### **2.1 Composition of the membership of the Board of Directors**

In accordance with the Membership and Procedure Regulations the composition of the Board shall be:

- (i) the Chairman of the Board of Directors (appointed by the NHS Trust Development Authority);
- (ii) in addition, up to six non-executive members (appointed by the NHS Trust Development Authority, including a nominee of the Brighton and Sussex Medical School);
- (iii) up to five executive members (but not exceeding the number of non-executive members) including:
  - Chief Executive;
  - Chief Financial Officer;
  - Medical Director;
  - Chief Nurse;
  - Director of Strategy and Change (Deputy Chief Executive)

The Board of Directors shall have not more than eleven and not less than eight members (unless otherwise determined by the Secretary of State for Health and set out in the Trust's Establishment Order or such other communication from the Secretary of State).

### **2.2 Appointment of Chairman and members of the Board of Directors**

Paragraph 3 of Schedule 4 to the NHS Act 2006, provides that the Chairman is appointed by the Secretary of State. The further provisions for the appointment and tenure of office of the Chairman and members shall be as set out in the Membership and Procedure Regulations.

### **2.3 Terms of office of the Chairman and members of the Board of Directors**

The regulations setting out the period of tenure of office of the Chairman and members and for the termination or suspension of office of the Chairman and members are also contained in the Membership and Procedure Regulations.

In addition, the Chairman and the members of the Board of Directors shall meet the requirements of any applicable fit and proper person test.

## **2.4 Appointment and Powers of Deputy Chairman**

- 2.4.1 In accordance with the Membership and Procedure Regulations, the Chairman and other members of the Board of Directors may appoint one of their number, who is not also an executive member, to be Deputy Chairman, for such period, not exceeding the remainder of his term as a member of the Trust, as they may specify on appointing him or her.
- 2.4.2 Any member so appointed may at any time resign from the office of Deputy Chairman by giving notice in writing to the Chairman. The Chairman and other members of the Board of Directors may thereupon appoint another member as Deputy Chairman in accordance with the provisions of Standing Order 2.4 1.
- 2.4.3 Where the Chairman of the Trust has died or has ceased to hold office, or where he has been unable to perform his duties as Chairman owing to illness or any other cause, the Deputy Chairman shall act as Chairman until a new Chairman is appointed or the existing Chairman resumes his duties, as the case may be; and references to the Chairman in these Standing Orders shall, so long as there is no Chairman able to perform those duties, be taken to include references to the Deputy Chairman.

## **2.5 Joint Directors**

- 2.5.1 Where more than one person is appointed jointly to an executive director post they will count as one person in respect of the Trust complying with the requirements for maximum board size.
- 2.5.2 Where an executive directorship of the Board is shared jointly by more than one person
- (a) either or both of those persons may attend or take part in meetings of the Board;
  - (b) if both are present at a meeting they should cast one vote if they agree;
  - (c) in the case of disagreements no vote should be cast;
  - (d) the presence of either or both of those persons should count as the presence of one person for the purposes of Standing Order 3.11.

## **2.6 Role of the Board of Directors**

- 2.6.1 The Board of Directors provides proactive leadership of the Trust towards achievement of corporate objectives and oversight of the framework of sound internal controls, risk management and governance in place to support their achievement.

The Board of Directors is responsible, among other matters, for:

1. setting the Trust's strategic aims;
2. setting the Trust's values and standards;
3. the safety and quality of services;
4. holding the organisation to account for the delivery of the strategy and assuring themselves that systems of internal control are robust and reliable;
5. ensuring that the necessary financial, human and physical resources are in place to enable the Trust to meet its priorities and objectives and periodically reviewing management performance; and

6. ensuring that the Trust complies with the Standing Orders, Standing Financial Instructions, Scheme of Delegation, the Rules of Procedure and regulatory and statutory obligations at all times.

2.6.2 As members of a unitary board, all the directors, including the Chairman share a collective responsibility for every decision of the Board. This does not affect the particular responsibilities of the Chief Executive as the Trust's Accountable Officer. All directors, executive and non-executive, have a responsibility to constructively challenge the decisions of the Board of Directors and help develop proposals on priorities, risk mitigation, values, standards and strategy.

2.6.3 Executive members shall exercise their authority within the terms of these Standing Orders and Standing Financial Instructions and the Scheme of Delegation.

**2.6.4 Chairman and Chief Executive: Division of responsibility**

No	Chairman of the Board of Directors	Chief Executive
1	The Chairman is not responsible for executive matters.	The Chief Executive is responsible for executive matters. All members of the management structure report either directly or indirectly to him.
2	The Chairman's principal responsibility is the effective running of the Board of Directors, and, on establishment, the Council of Governors.	The Chief Executive's principal responsibility is leading the Trust and its hospitals.
3	The Chairman is responsible for leading the Board in its shaping of the Trust's organisational culture; one of openness, transparency, candour, putting the patient first, and which reflects NHS values.	The Chief Executive is responsible for disseminating the values and culture throughout the Trust.
4	The Chairman is responsible for ensuring that the Board of Directors as a whole plays a full and constructive part in the development and determination of the Trust's strategy and overall objectives.	The Chief Executive is responsible for developing (for Board consideration) and implementing the Trust's strategy and communicating this to both internal and external stakeholders.
5	The Chairman is the guardian of the decision making process of the Board of Directors.	The Chief Executive is responsible for implementing the decisions of the Board of Directors and its Committees.
6	The Chairman is responsible for the general leadership of the Board of Directors and ensuring its effectiveness on all aspects of its role and setting its agenda and should ensure directors are receiving timely, accurate and clear information.	The Chief Executive is responsible for the provision of information and support to the Board of Directors.
7	The Chairman is responsible for ensuring the agenda of the Board of Directors takes full account of the important issues facing the Trust and the concerns of all Board members. There shall be an emphasis on strategic, rather than routine, issues.	The Chief Executive is responsible for ensuring that he maintains a dialogue with the Chairman on the important and strategic issues facing the Trust and agreeing with the Chairman an agenda for the Board of Directors which reflects these.
8	Ensuring, on the advice of the Director of Corporate Affairs where appropriate, compliance with the Board of Directors' approved procedures, including the schedule	Ensuring, in consideration with the Chairman and the Director of Corporate Affairs as appropriate, that the Executive Management Board complies with the Trust's approved

	of matters reserved for its decision and each Committee's terms of reference	procedures, including the SOs, the SFIs, the schedule of matters reserved to the Board of Directors for its decision and each Committee's terms of reference
9	Arranging informal meetings as required of the directors, including meetings of the non-executive directors at which the executive directors are not present, to ensure that sufficient time and consideration is given to complex, contentious or sensitive issues.	Ensuring that the Chairman is alerted to forthcoming complex, contentious or sensitive issues which significantly affect the Trust of which he might not otherwise be aware
10	Proposing to the Board of Directors, in consultation with the Chief Executive, Director of Corporate Affairs and Committee Chairmen as appropriate:  (i) a schedule of matters reserved to the Board of Directors for its decision; and (ii) terms of reference for each Board Committee and other Board of Director policies and procedures	Providing input to the Chairman and Director of Corporate Affairs on appropriate changes to the schedule of matters reserved to the Board of Directors and Committee terms of reference
11	Proposing the membership of Board Committees and their Chairmen for approval by the Board of Directors	If so appointed, serving on any Committee of the Board of Directors
12	Taking the lead in providing a properly constructed induction programme for new directors	Contributing to induction programmes for new directors and ensuring that appropriate management time is made available for this
13	Taking the lead in identifying and seeking to continually update the skills and knowledge both of individual directors and of the Board of Directors as a whole and meeting on-going development needs	Ensuring that the development needs of the Directors are identified and met.
14	Ensuring that the performance of the Board of Directors as a whole, its Committees, and individual non-executive members of both are periodically assessed.	Ensuring that performance reviews are carried out at least once a year for each of the Directors. Providing input to the wider evaluation process of the Board of Directors.

#### 2.6.5 Chief Financial Officer

The Chief Financial Officer shall be responsible for the provision of financial advice to the Trust and to its directors and for the supervision of financial control and accounting systems. They shall be responsible along with the Chief Executive for ensuring the discharge of obligations under relevant Financial Directions.

#### 2.6.6 Non-executive members of the Board of Directors

The non-executive members of the Board of Directors shall not be granted nor shall they seek to exercise any individual executive powers on behalf of the Trust. They may however, exercise collective authority when acting as members of or when chairing a committee of the Trust which has delegated powers.

#### 2.6.7 Chairman of the Board of Directors

The Chairman shall be responsible for the operation of the Board of Directors and chair all Board meetings when present. The Chairman has certain delegated executive powers. The Chairman must comply with the terms of appointment and with these Standing Orders.

The Chairman shall liaise with the NHS Trust Development Authority over the appointment of non-executive members of the Board of Directors and, once appointed, shall take responsibility either directly or indirectly for their induction, their portfolios of interests and assignments and their performance.

The Chairman shall work in close harmony with the Chief Executive and shall ensure that key and appropriate issues are discussed by the Board in a timely manner with all the necessary information and advice being made available to the Board to inform the debate and ultimate resolutions. The division of responsibilities between the Chairman of the Board of Directors and the Chief Executive is set out at paragraph 2.4 of the Rules of Procedure.

## **2.7 Corporate role of the Board of Directors**

- 2.7.1 All business shall be conducted in the name of the Trust.
- 2.7.2 All funds received in trust shall be held in the name of the Trust as corporate trustee of Brighton and Sussex University Hospitals NHS Trust Charitable Fund (Registered Charity 1050864).
- 2.7.3 The powers of the Trust established under statute shall be exercised by the Board meeting in public session except as otherwise provided for in paragraph 3 of these Standing Orders.
- 2.7.4 The Board shall define and regularly review the functions it exercises on behalf of the Secretary of State.

## **2.8 Schedule of Matters Reserved to the Board and Scheme of Delegation**

The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These powers and decisions are set out in the 'Schedule of Matters Reserved to the Board' and shall have effect as if incorporated into the Standing Orders. Those powers which it has delegated to executive members, senior employees and other bodies are contained in the Scheme of Delegation.

## **2.9 Lead roles for members of the Board of Directors**

The Chairman will ensure that the designation of Lead roles or appointments of Board members as required by the Department of Health or as set out in any statutory or other guidance will be made in accordance with that guidance or statutory requirement (e.g. appointing a Lead Board Member with responsibilities for Infection Prevention and Control or Safeguarding Children etc.).

## **3. Meetings of the Trust**

### **3.1 Calling meetings**

- 3.1.1 Ordinary meetings of the Board of Directors shall be held at regular intervals at such times and places as the Board may determine.
- 3.1.2 The Chairman of the Trust may call a meeting of the Board of Directors at any time.

- 3.1.3 One third or more members of the Board of Directors may requisition a meeting in writing. If the Chairman refuses, or fails, to call a meeting within seven days of a requisition being presented, the members signing the requisition may forthwith call a meeting.

### **3.2 Annual meeting schedule**

- 3.2.1 Each financial year a schedule of board and committee meeting dates shall be prepared by the Director of Corporate Affairs and Company Secretary and agreed by the Chairman in consultation with the members of the Board and its committees. The final scheduled dates will be communicated to the Board and the committees at least three weeks in advance of the first board or committee meeting of the financial year. As much notice as possible will be given of any subsequent changes to the dates agreed, with any new or changed meeting date communicated to board and/or committee members at least three weeks in advance of the related meeting. Subject to 3.1.3, shorter notice of changes to the meetings calendar will only be given with the agreement of the Chairman should the circumstances require it.

### **3.3 Notice of meeting specifying the business ("agenda") and supporting papers**

- 3.3.1 The agenda and supporting papers will be sent to members no later than four clear working days before the meeting, save in emergency. No business shall be transacted at the meeting other than that specified on the agenda, or emergency motions allowed under paragraph 3.6 of these Standing Orders.
- 3.3.2 In the case of a meeting called by members in default of the Chairman calling the meeting, the agenda shall be signed by those members.
- 3.3.3 No business shall be transacted at the meeting other than that specified on the agenda, or emergency motions allowed under paragraph 3.6 of these Standing Orders.
- 3.3.4 A member desiring a matter to be included on an agenda shall make his/her request in writing to the Chairman at least ten working days before the meeting. The request should state whether the item of business is proposed to be transacted in the presence of the public and should include appropriate supporting information.

Requests made less than ten working days before a meeting may be included on the agenda at the discretion of the Chairman.

- 3.3.5 Before each meeting of the Board of Directors a public notice of the time and place of the meeting, and the public part of the agenda, shall be displayed at the Trust's principal offices and published on the Trust's website at least three clear days before the meeting (section 1(4)(a) Public Bodies (Admission to Meetings) Act 1960).

### **3.4 Petitions**

Where a petition has been received by the Trust the Chairman shall include the petition as an item for the agenda of the next meeting.

### **3.5 Notice of motion**

- 3.5.1 Subject to the provisions of paragraphs 3.7 and 3.8 of these Standing Orders, a member of the Board wishing to move a motion shall send a written notice to the Chief Executive who will ensure that it is brought to the immediate attention of the Chairman.

3.5.2 The notice shall be delivered at least ten working days before the meeting. The Chief Executive shall include in the agenda for the meeting all notices so received that are in order and permissible under governing regulations. This Standing Order shall not prevent any motion being withdrawn or moved without notice on any business mentioned on the agenda for the meeting.

### **3.6 Emergency motions**

Subject to the agreement of the Chairman, and subject also to the provision of paragraph 3.7 of these Standing Orders, a member of the Board may give written notice of an emergency motion after the issue of the notice of meeting and agenda, up to one hour before the time fixed for the meeting. The notice shall state the grounds of urgency. If in order, it shall be declared to the Board of Directors at the commencement of the business of the meeting as an additional item included in the agenda. The Chairman's decision to include or not include the item shall be final.

### **3.7 Motions: procedure at and during a meeting**

#### **3.7.1 Who may propose**

A motion may be proposed by the Chairman of the meeting or any member present. It must also be seconded by another member.

#### **3.7.2 Contents of motions**

The Chairman may exclude from the debate at their discretion any such motion of which notice was not given on the agenda other than a motion relating to:

- (i) the reception of a report;
- (ii) consideration of any item of business before the Board of Directors;
- (iii) the accuracy of minutes;
- (iv) that the Board of Directors proceeds to next business;
- (iv) that the Board of Directors adjourn;
- (vi) that the question be now put.

#### **3.7.3 Amendments to motions**

A motion for amendment shall not be discussed unless it has been proposed and seconded.

Amendments to motions shall be moved relevant to the motion, and shall not have the effect of negating the motion before the Board of Directors.

If there are a number of amendments, they shall be considered one at a time. When a motion has been amended, the amended motion shall become the substantive motion before the meeting, upon which any further amendment may be moved.

#### **3.7.4 Rights of reply to motions**

- (i) Amendments

The mover of an amendment may reply to the debate on their amendment immediately prior to the mover of the original motion, who shall have the right of reply at the close of debate on the amendment, but may not otherwise speak on it.

- (ii) Substantive/original motion

The member who proposed the substantive motion shall have a right of reply at the close of any debate on the motion.

### **3.7.5 Withdrawing a motion**

A motion, or an amendment to a motion, may be withdrawn.

### **3.7.6 Motions once under debate**

When a motion is under debate, no motion may be moved other than:

- (i) an amendment to the motion;
- (ii) the adjournment of the discussion, or the meeting;
- (iii) that the meeting proceeds to the next business;
- (iv) that the question should be now put;
- (v) the appointment of an 'ad hoc' committee to deal with a specific item of business;
- (vi) that a member/director be not further heard;
- (vii) a motion under section 1(2) or section 1(8) of the Public Bodies (Admissions to Meetings) Act 1960 resolving to exclude the public, including the press.

In those cases where the motion is either that the meeting proceeds to the 'next business' or 'that the question be now put' in the interests of objectivity these should only be put forward by a member of the Board of Directors who has not taken part in the debate and who is eligible to vote.

If a motion to proceed to the next business or that the question be now put, is carried, the Chairman should give the mover of the substantive motion under debate a right of reply, if not already exercised. The matter should then be put to the vote.

## **3.8 Motion to rescind a resolution**

3.8.1 Notice of motion to rescind any resolution (or the general substance of any resolution) which has been passed within the preceding six calendar months shall bear the signature of the member who gives it and also the signature of three other members, and before considering any such motion of which notice shall have been given, the Board of Directors may refer the matter to any appropriate Committee or the Chief Executive for recommendation.

3.8.2 When any such motion has been dealt with by the Board of Directors it shall not be competent for any director/member other than the Chairman to propose a motion to the same effect within six months. This Standing Order shall not apply to motions moved in pursuance of a report or recommendations of a Committee or the Chief Executive.

## **3.9 Chairman of meeting**

3.9.1 At any meeting of the Trust Board the Chairman, if present, shall preside. If the Chairman is absent from the meeting, the Deputy Chairman (if the Board has appointed one), if present, shall preside.

3.9.2 If the Chairman and Deputy Chairman, if there is one, are absent, such member (who is not also an executive member of the Board of Directors) as the members present shall choose shall preside.

## **3.10 Chairman's ruling**

The decision of the Chairman presiding at the meeting on questions of order, relevancy and regularity (including procedure on handling motions) and their interpretation of the Standing Orders and Standing Financial Instructions, at the meeting, shall be final.



### **3.11 Participation in meetings**

All or any of the directors can take part in a meeting of the directors by way of a conference telephone or any communication equipment which allows everybody to take part in the meeting by being able to hear each of the other people at the meeting and by being able to speak to all of them at the same time. A person taking part in this way will be treated as being present at the meeting and will be entitled to vote and be counted in the quorum.

### **3.12 Quorum**

- 3.12.1 No business shall be transacted at a meeting unless at least one third of the whole number of the Chairman and members (including at least one member who is also an executive member of the Board of Directors and one member who is a non-executive member) is present.
- 3.12.2 A senior employee in attendance for an executive member of the Board of Directors but without formal, written, acting up status may not count towards the quorum.
- 3.12.3 If the Chairman or member has been disqualified from participating in the discussion on any matter and/or from voting on any resolution by reason of a declaration of a conflict of interest that person shall no longer count towards the quorum. If a quorum is then not available for the discussion and/or the passing of a resolution on any matter, that matter may not be discussed further or voted upon at that meeting. Such a position shall be recorded in the minutes of the meeting. The meeting must then proceed to the next business.

### **3.13 Voting**

- 3.13.1 Save as provided in paragraphs 3.13 and 3.14 of these Standing Orders, every question put to a vote at a meeting shall be determined by a majority of the votes of members present and voting on the question. In the case of an equal vote, the person presiding (i.e. the Chairman of the meeting) shall have a second, and casting vote.
- 3.13.2 At the discretion of the Chairman all questions put to the vote shall be determined by oral expression or by a show of hands, unless the Chairman directs otherwise, or it is proposed, seconded and carried that a vote be taken by paper ballot.
- 3.13.3 If at least one third of the members present so request, the voting on any question may be recorded so as to show how each member present voted or did not vote (except when conducted by paper ballot).
- 3.13.4 If a member so requests, their vote shall be recorded by name.
- 3.13.5 In no circumstances may an absent member vote by proxy. Absence is defined as being absent at the time of the vote.
- 3.13.6 A senior employee who has been formally appointed to act up for an executive member of the Board of Directors during a period of incapacity or temporarily to fill an executive director vacancy shall be entitled to exercise the corresponding voting rights.
- 3.13.7 A senior employee attending a meeting of the Board of Directors to represent an executive member during a period of incapacity or temporary absence without formal acting up status may not exercise the corresponding voting rights. The status of such attendees shall be recorded in the minutes.

### **3.14 Written resolutions**

- 3.14.1 Where the Board so decides in respect of any matter or, where it is necessary, at the discretion of the Chairman the Board may take decisions by means of a written resolution.
- 3.14.2 A resolution in writing sent to all Directors and signed by at least 75% of them shall be as valid and effective as if it had been passed at a meeting of the Board duly convened and held. Such a resolution may consist of several documents in the same form, each signed by one or more of the Directors.

### **3.15 Suspension of Standing Orders**

- 3.15.1 Except where this would contravene any statutory provision or any direction made by the Secretary of State or the provisions of these Standing Orders with respect to a quorum, any one or more of the Standing Orders may be suspended at any meeting, provided that at least two-thirds of the whole number of the members of the Board of Directors are present (including at least one member who is an executive member and one member who is a non-executive member) and that at least two-thirds of those members present signify their agreement to such suspension. The reason for the suspension shall be recorded in the minutes of the meeting.
- 3.15.2 A separate record of matters discussed during the suspension of Standing Orders shall be made and shall be available to the Chairman and directors of the Trust.
- 3.15.3 No formal business may be transacted while Standing Orders are suspended.
- 3.15.4 The Audit Committee shall be advised of and review every decision to suspend Standing Orders.

### **3.16 Variation and amendment of Standing Orders**

These Standing Orders shall not be varied except in the following circumstances:

- (i) upon a notice of motion under paragraph 3.5 of these Standing Orders;
- (ii) upon a recommendation of the Chairman or Chief Executive included on the agenda for the meeting;
- (iii) that two thirds of the Board members are present at the meeting where the variation or amendment is being discussed, and that at least one half of the Trust's non-executive members vote in favour of the amendment; and
- (iv) providing that any variation or amendment does not contravene a statutory provision or direction made by the Secretary of State.

### **3.17 Minutes**

- 3.17.1 The nominated secretary shall record the minutes of every meeting.
- 3.17.2 The record of the minutes shall include:
- (i) the names of:
    - (a) every member present at the meeting;
    - (b) any other person present; and
    - (c) any apologies tendered by an absent member;
  - (ii) the withdrawal from a meeting of any member on account of a conflict of interest; and
  - (iii) any declaration of interest.

3.17.3 Minutes shall record key points and challenges and the outcomes of discussion, including any decisions. Where HR, finance or other restricted matters are discussed, the minutes may describe the substance of the discussion in general terms.

3.17.4 The secretary shall submit the draft minutes to the Board of Directors in advance of its next meeting for agreement, confirmation or otherwise. No discussion shall take place on the minutes except upon their accuracy or where the Chairman considers discussion appropriate.

3.17.5 The minutes shall be submitted for formal agreement at the next ensuing meeting where they will be signed by the person presiding at it.

3.17.6 Where providing a record of a meeting held in public the minutes shall be made available to the public in line with good practice.

### **3.18 Admission of public and the press**

#### **3.18.1 Admission and exclusion on grounds of confidentiality of business to be transacted**

The public and representatives of the press may attend all meetings of the Trust, but shall be required to withdraw upon the Board of Directors resolving as follows:

“that representatives of the press, and other members of the public, be excluded from the remainder of this meeting having regard to the confidential nature of the business to be transacted, publicity on which would be prejudicial to the public interest” (Section 1 (2), Public Bodies (Admission to Meetings) Act 1960)

#### **3.18.2 General disturbances**

The Chairman (or Deputy Chairman if one has been appointed) or the person presiding at the meeting shall give such directions as he thinks fit with regard to the arrangements for meetings and accommodation of the public and representatives of the press such as to ensure that the Trust’s business shall be conducted without interruption and disruption and, without prejudice to the power to exclude on grounds of the confidential nature of the business to be transacted, the public will be required to withdraw upon the Board of Directors resolving as follows:

“that in the interests of public order the meeting adjourn for (the period to be specified) to enable the Trust Board to complete its business without the presence of the public” (Section 1(8) Public Bodies (Admissions to Meetings) Act 1960).

#### **3.18.3 Business proposed to be transacted when the press and public have been excluded from a meeting**

Matters to be dealt with by the Board of Directors following the exclusion of representatives of the press, and other members of the public, as provided in 3.16.1 and 3.16.2 above, shall be confidential to the members of the Board.

Members of the Board of Directors or any employee of the Trust in attendance shall not reveal or disclose the contents of papers marked 'In Confidence' or minutes headed 'Items Taken in Private' to any persons not attending the Board meeting without the express permission of the Trust. This prohibition shall apply equally to the content of any discussion during the Board meeting which may take place on such reports or papers.

#### **3.18.4 Use of mechanical or electrical equipment for recording or transmission of meetings**

Nothing in these Standing Orders shall be construed as permitting the introduction by the public, or press representatives, of recording, transmitting, video or similar apparatus into meetings of the Board of Directors or Committee thereof. Such permission shall be granted only upon resolution of the Board of Directors.

### **3.19 Observers at meetings of the Board of Directors**

The Board of Directors will decide what arrangements and terms and conditions it feels are appropriate to offer in extending an invitation to observers to attend and address any of the Board of Directors' meetings and may change, alter or vary these terms and conditions as it deems fit.

## **4. Appointment of Committees and sub-Committees**

### **4.1 Appointment of Committees**

4.1.1 Subject to such directions as may be given by the Secretary of State for Health, the Board of Directors may appoint committees of the Board of Directors.

4.1.2 The Board of Directors shall determine the membership and terms of reference of committees and sub-committees and shall, if it requires to, receive and consider reports of such committees.

4.1.3 As per regulation 15 of the Membership and Procedure Regulations, subject to the requirement for a committee for appointing the Chief Executive Officer to comprise the Chairman and non-executive directors (regulation 17) and a committee to appoint the other executive directors to comprise the Chairman, non-executive directors and chief officer (regulation 18), the Trust may appoint committees consisting wholly or partly of directors, or wholly of persons who are not directors of the Trust.

4.1.4 Subject to regulations 17 and 18 as referred to above, the Trust may make arrangements for the exercise on behalf of the Trust, of any of the Trust's functions by a committee or sub-committee subject to such restrictions and conditions as the Trust thinks fit.

### **4.2 Joint Committees**

4.2.1 The Trust may enter into arrangements for the carrying out, on such terms as the Board of Directors considers appropriate, of any of its functions jointly with any Special Health Authority, Local Health Board or other NHS trust, or any other body or individual. Joint committees may be appointed by the Board of Directors by joining together with one or more of these bodies or individuals consisting of, wholly or partly of the Chairman and members of the Board of Directors or other health service bodies, or wholly of persons who are not members of the Board of Directors or other health bodies in question.

4.2.2 Any committee or joint committee appointed under this Standing Order may, subject to such directions as may be given by the Secretary of State or the Trust or other health bodies in question, appoint sub-committees consisting wholly or partly of members of the committees or joint committee (whether or not they are members of the Board of Directors or health bodies in question) or wholly of persons who are not members of the Trust or health bodies in question or the committee of the Trust or health bodies in question.

### **4.3 Applicability of Standing Orders and Standing Financial Instructions to Committees**

The Standing Orders and Standing Financial Instructions of the Trust, as far as they are applicable, shall as appropriate apply to meetings and any committees established by the

Board of Directors. In which case the term “Chairman” is to be read as a reference to the Chairman of other Committees as the context permits, and the term “member” is to be read as a reference to a member of other committee also as the context permits. There is no requirement to hold meetings of committees established by the Board of Directors in public.

#### **4.4 Terms of reference**

Each such committee shall have such terms of reference and powers and be subject to such conditions (as to reporting back to the Board), as the Board of Directors shall decide and shall be in accordance with any legislation and regulation or direction issued by the Secretary of State. Such terms of reference shall have effect as if incorporated into the Standing Orders.

#### **4.5 Delegation of powers by Committees to Sub-Committees**

Where Committees are authorised to establish sub-committees they may not delegate executive powers to the sub-Committee unless expressly authorised by the Board of Directors.

#### **4.6 Approval of appointments to Committees**

The Board of Directors shall approve the appointments to each of the committees which it has formally constituted. Where the Board determines, and regulations permit, that persons who are neither non-executive nor executive directors, shall be appointed to a committee the terms of such appointment shall be within the powers of the Board of Directors as defined by the Secretary of State. The Board of Directors shall define the powers of such appointees and shall agree allowances, including reimbursement for loss of earnings, and/or expenses in accordance where appropriate with national guidance.

#### **4.7 Appointments for statutory functions**

Where the Board of Directors is required to appoint persons to a committee and/or to undertake statutory functions as required by the Secretary of State, and where such appointments are to operate independently of the Board of Directors, such appointment shall be made in accordance with regulations and directions made by the Secretary of State.

#### **4.8 Committees established by the Board of Directors**

The committees, sub-committees, and joint-committees established by the Board are set out in paragraphs 4.8.1 to 4.8.4 below.

##### **4.8.1 Audit Committee**

In line with the requirements of the NHS Audit Committee Handbook and NHS Codes of Conduct and Accountability, an Audit Committee will be established and constituted to provide the Board of Directors with an independent and objective review on its financial systems, financial information and compliance with laws, guidance, and regulations governing the NHS. The terms of reference will be approved by the Board of Directors and reviewed on a periodic basis.

The primary role of the Audit Committee is to conclude upon the adequacy and effective operation of the Trust’s overall internal control system. It is the role of the executive to implement a sound system of internal control agreed by the Board of Directors. The Audit Committee provides independent monitoring and scrutiny of the processes implemented in relation to governance, risk and internal control. The Committee shall also review and

challenge the Trust's Information Assurance Framework to ensure that there are appropriate controls in relation to data quality.

The Audit Committee's work shall focus on the framework of risks, controls and related assurances that underpin the delivery of the Trust's objectives. The Audit Committee is a crucial function in reviewing the Trust's external reporting disclosures in relation to finance and internal control, including the annual report and accounts, Annual Governance Statement and required declarations. The Committee will also review the arrangements in place to secure economy, effectiveness and efficiency in the use of resources

The Audit Committee shall comprise not less than three non-executive directors, with a quorum of two. The Chair of the Trust shall not be a member of the Audit Committee and will not normally attend meetings. The Chief Executive and all other executive directors will attend whenever they are invited by the Committee Chair and, in particular, to provide assurances and explanations to the Committee when it is discussing audit reports or other matters within their areas of responsibility.

At least one of the Audit Committee's members must have recent and relevant financial experience.

#### **4.8.2 Nomination and Remuneration Committee**

In line with the requirements of the NHS Codes of Conduct and Accountability, a Nomination and Remuneration Committee will be established and constituted.

The Nomination and Remuneration Committee's role is to appoint and, if necessary, dismiss the executive directors, establish and monitor the level and structure of total reward for executive directors, ensuring transparency, fairness and consistency.

When appointing the Chief Executive, the committee shall comprise the Chairman and the non-executive directors; when appointing other executive directors the committee shall comprise the Chairman, non-executive directors and the Chief Executive.

The Committee shall receive reports from the Chairman of the Board of Directors on the annual appraisal of the Chief Executive, and from the Chief Executive on the annual appraisals of executive directors, as part of determining their remuneration.

#### **4.8.3 Quality and Risk Committee**

The purpose of the Committee is to provide assurance to the Board of Directors on the on-going development and delivery of the Trust's Safety and Quality Strategy and the safety and quality of services within the Hospital

#### **4.8.4 Finance and Workforce Committee**

The purpose of the Finance and Workforce Committee is to provide assurance to the Board of Directors in relation to: strategic financial and workforce matters; implementation of the People Strategy; delivery of in-year financial plans and cost improvement plans; the Trust's financial and investment policies; long-term financial sustainability, capital investment, delivery of significant projects and financial sustainability; and implementation of effective internal controls around health and safety.

#### **4.8.5 Charitable Funds Committee**

In line with its role as a corporate trustee for any funds held in trust, either as charitable or non-charitable funds, the Board of Directors will establish a Charitable Funds Committee to

administer those funds in accordance with any statutory or other legal requirements or best practice required by the Charity Commission. The provisions of this paragraph must be read in conjunction with paragraph 2.7 above and Standing Financial Instruction 26.

#### **4.8.6 Other Committees**

The Board of Directors may also establish such other committees as required to discharge their responsibilities, the terms of reference for which shall be set out in the Rules of Procedure.

### **5. Arrangements for the exercise of trust functions by delegation**

#### **5.1 Delegation of functions to Committees, Executive Directors or senior employees of the Trust**

5.1.1 Subject to such directions as may be given by the Secretary of State, and Regulations 17 and 18 of the Membership and Procedure Regulations, the Board of Directors may make arrangements for the exercise, on its behalf, of any of its functions by a committee, joint – committee or sub-committee appointed by virtue of paragraph 4 of these Standing Orders, or by an Executive Director or senior employee of the Trust, in each case subject to such restrictions and conditions as the Board of Directors thinks fit.

#### **5.2 Emergency powers and urgent decisions**

The powers which the Board of Directors has reserved to itself within these Standing Orders (see paragraph 2.8 of these Standing Orders) may in an emergency or for an urgent decision be exercised by the Chief Executive and the Chairman after having consulted at least two non-executive directors. The exercise of such powers by the Chief Executive and Chairman shall be reported to the next formal meeting of the Board of Directors in public session.

#### **5.3 Delegation to Committees**

5.3.1 The Board of Directors shall agree from time to time to the delegation of executive powers to be exercised by other committees, or sub-committees, or joint-committees, which it has formally constituted in accordance with directions issued by the Secretary of State. The constitution and terms of reference of these committees, or sub-committees, or joint committees, and their specific executive powers shall be approved by the Board of Directors in respect of its sub-committees.

5.3.2 When the Board of Directors is not meeting in public session it shall operate as a committee and may only exercise such powers as may have been delegated to it by the Board of Directors in public session.

#### **5.4 Delegation to Executive Directors and senior employees**

5.4.1 Those functions of the Board of Directors which have not been reserved to the Board of Directors or delegated to other committee or sub-committee or joint-committee shall be exercised on behalf of the Trust by the Chief Executive.

The Chief Executive shall determine which functions he shall perform personally and shall nominate senior employees to undertake the remaining functions for which he shall still retain accountability to the Board of Directors.

5.4.2 The Chief Executive shall prepare a Scheme of Delegation identifying his proposals which shall be considered and approved by the Board of Directors. The Chief Executive may

periodically propose amendment to the Scheme of Delegation which shall be considered and approved by the Board of Directors.

- 5.4.3 Nothing in the Scheme of Delegation shall impair the discharge of the direct accountability to the Board of the Chief Financial Officer to provide information and advise the Board of Directors in accordance with statutory or Department of Health requirements. Outside these statutory requirements the Chief Financial Officer shall be accountable to the Chief Executive for operational matters.

## **5.5 Schedule of Matters Reserved to the Trust and Scheme of Delegation of Powers**

The arrangements made by the Board of Directors as set out in the Schedule of Matters Reserved to the Board and Scheme of Delegation of powers shall have effect as if incorporated in these Standing Orders.

## **5.6 Duty to report non-compliance with Standing Orders and Standing Financial Instructions**

If for any reason these Standing Orders are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance, shall be reported to the next formal meeting of the Board of Directors for action or approval. All members of the Board of Directors and staff have a duty to disclose any non-compliance with these Standing Orders to the Chief Executive as soon as possible.

## **6. Overlap with other trust policy statements/procedures, regulations and Standing Financial Instructions**

### **6.1 Policy statements: general principles**

The Board of Directors will from time to time agree and approve policy statements and procedures which will apply to all or specific groups of staff employed by the Trust. The decisions to approve such policies and procedures will be recorded in the minutes of the Board meeting in question and will be deemed, where appropriate, to be an integral part of the Trust's Standing Orders and Standing Financial Instructions.

### **6.2 Specific policy statements**

Notwithstanding the application of paragraph 6.1 above, these Standing Orders and Standing Financial Instructions must be read in conjunction with the following policy statements:

- (i) the BSUH Code of Conduct as set out as Appendix 1 to the BSUH Rules of Procedure;
- (ii) the staff disciplinary and appeals procedures adopted by the Trust, both of which shall have effect as if incorporated in these Standing Orders.

### **6.3 Standing Financial Instructions**

Standing Financial Instructions adopted by the Board of Directors in accordance with the Financial Regulations shall have effect as if incorporated in these Standing Orders.

### **6.4 Specific guidance**

Notwithstanding the provisions of paragraph 6.1 above, these Standing Orders and Standing Financial Instructions must be read in conjunction with applicable law and guidance.



## **7. Duties and obligations of members of the Board of Directors and senior employees under these standing orders**

### **7.1 Declaration of Interests**

#### **7.1.1 Requirements for declaring interests and applicability to members of the Board of Directors**

The NHS Code of Accountability requires members of the Board of Directors to declare interests which are relevant and material to the NHS Board of which they are a member. All existing Board members should declare such interests. Any Board members appointed subsequently should do so on appointment.

#### **7.1.2 Interests which are relevant and material**

- (i) Interests which should be regarded as "relevant and material" are:
  - (a) directorships, including non-executive directorships held in private companies or PLCs (with the exception of those of dormant companies);
  - (b) ownership or part-ownership of private companies, businesses, partnerships or consultancies likely or possibly seeking to do business with the NHS;
  - (c) majority or controlling share holdings in organisations likely or possibly seeking to do business with the NHS;
  - (d) a position of authority in a charity or voluntary organisation in the field of health and social care;
  - (e) any connection with a voluntary or other organisation contracting for NHS services;
  - (f) research funding/grants that may be received by an individual or their department; and
  - (g) interests in pooled funds that are under separate management.
- (ii) Any member of the Board of Directors who comes to know that the Trust has entered into or proposes to enter into a contract in which he/she or any person connected with him/her (as defined in paragraph 7.3 below and elsewhere) has any pecuniary interest, direct or indirect, shall declare his/her interest by giving notice in writing of such fact to the Chairman of the Board of Directors as soon as practicable.

#### **7.1.3 Advice on Interests**

- (i) If members of the Board of Directors have any doubt about the relevance of an interest, this should be discussed with the Chairman of the Board of Directors, the Chief Executive or the Director of Corporate Affairs.
- (ii) Financial Reporting Standard No 8 (issued by the Financial Reporting Council) specifies that influence rather than the immediacy of the relationship is more important in assessing the relevance of an interest. The interests of partners in professional partnerships including general practitioners should also be considered.

#### **7.1.4 Recording of interests in minutes of meetings of the Board of Directors**

- (i) At the time Board members' interests are declared, they should be recorded in the minutes of the Board of Directors.
- (ii) Any changes in interests should be declared at the next meeting of the Board of Directors following the change occurring and recorded in the minutes of that meeting.

#### **7.1.5 Publication of declared interests in Annual Report**

Board members' directorships of companies likely or possibly seeking to do business with the NHS should be published in the Trust's annual report. The information should be kept up to date for inclusion in succeeding annual reports.

#### **7.1.6 Conflicts of interest which arise during the course of a meeting**

During the course of a meeting of the Board of Directors, if a conflict of interest is established, the member concerned should withdraw from the meeting and play no part in the relevant discussion or decision.

### **7.2 Register of Interests**

7.2.1 The Chief Executive will ensure that a Register of Interests is established to record formally declarations of interests of Board or Committee members. In particular the Register will include details of all directorships and other relevant and material interests (as defined in paragraph 7.1.2 above) which have been declared by members of the Board of Directors.

7.2.2. These details will be kept up to date by means of an annual review of the Register in which any changes to interests declared during the preceding twelve months will be incorporated. The register will be reported to the Board after each annual review.

7.2.3 The Register will be available to the public and the Chief Executive will take reasonable steps to bring the existence of the Register to the attention of local residents and to publicise arrangements for viewing it.

### **7.3 Exclusion of Chairman and Members of the Board of Directors in proceedings on account of pecuniary interest**

#### **7.3.1 Definition of terms used in interpreting 'pecuniary' interest**

For the sake of clarity, the following definition of terms is to be used in interpreting this Standing Order:

- (i) "spouse" shall include any person who lives with another person in the same household (and any pecuniary interest of one spouse shall, if known to the other spouse, be deemed to be an interest of that other spouse);
- (ii) "contract" shall include any proposed contract or other course of dealing.
- (iii) "pecuniary interest"

Subject to the exceptions set out in this Standing Order, a person shall be treated as having an indirect pecuniary interest in a contract, proposed contract or other matter if:

- (a) he, or his nominee, is a director or member of a company or other body (not being a public body), with which the contract is made, or to be made or which has a direct pecuniary interest in the other matter under consideration, or

- (b) he is a partner, associate or employee of any person with whom the contract is made or to be made or who has a direct pecuniary interest in the other matter under consideration.

- (iv) Exception to pecuniary interests

A person shall not be regarded as having a pecuniary interest in any contract if:

- (a) neither he or any person connected with him has any beneficial interest in the securities of a company of which he or such person appears as a member; or
- (b) any interest that he or any person connected with him may have in the contract is so remote or insignificant that it cannot reasonably be regarded as likely to influence him in relation to considering or voting on that contract; or
- (c) those securities of any company in which he (or any person connected with him) has a beneficial interest do not exceed £5,000 in nominal value or one per cent of the total issued share capital of the company or of the relevant class of such capital, whichever is the less.

Provided however, that where paragraph (c) above applies the person shall nevertheless be obliged to disclose/declare their interest in accordance with paragraph 7.1.2 (ii) of these Standing Orders.

### **7.3.2 Exclusion in proceedings of the Board of Directors**

- (i) Subject to the following provisions of this paragraph, if the Chairman or a member of the Board of Directors has any pecuniary interest, direct or indirect, in any contract, proposed contract or other matter and is present at a meeting of the Board of Directors at which the contract or other matter is the subject of consideration, they shall at the meeting and as soon as practicable after its commencement disclose the fact and shall not take part in the consideration or discussion of the contract or other matter or vote on any question with respect to it.
- (ii) The Secretary of State may, subject to such conditions as he may think fit to impose, remove any disability imposed by this paragraph in any case in which it appears to him in the interests of the National Health Service that the disability should be removed.
- (ii) The Board of Directors may exclude the Chairman or a member of the Board of Directors from a meeting of the Board of Directors while any contract, proposed contract or other matter in which he has a pecuniary interest, direct or indirect, is under consideration.
- (iv) Any remuneration, compensation or allowance payable to the Chairman or member of the Board of Directors by virtue of paragraph 11 of Schedule 4 to the National Health Service Act 2006 (pay and allowances) shall not be treated as a pecuniary interest for the purpose of this paragraph.
- (v) This paragraph applies to a committee or sub-committee and to a joint committee or sub-committee as it applies to the Trust and applies to a member of any such Committee or sub-Committee (whether or not he is also a member of the Board of Directors) as it applies to a member of the Board of Directors.

### **7.3.3 Waiver of Standing Orders made by the Secretary of State for Health**

(i) Power of the Secretary of State to make waivers

Under regulation 20(2) of the Membership and Procedure Regulations there is a power for the Secretary of State to remove any disability imposed by Regulation 20 if it appears to the Secretary of State in the interests of the health service that the disability in regulation 20 (which prevents a chairman or a member from taking part in the consideration or discussion of, or voting on any question with respect to, a matter in which he has a pecuniary interest) is removed. A waiver shall be agreed in line with sub-paragraphs (ii) to (iv) below.

(ii) Definition of 'Chairman' for the purpose of interpreting this waiver

For the purposes of paragraph 7.3.3 (iii) below, the "relevant chairman" is:

- (a) at a meeting of the Board of Directors, the Chairman presiding at the meeting;
- (b) at a meeting of a Committee:
  - in a case where the member in question is the Chairman of that Committee, the Chairman of the Board of Directors;
  - in the case of any other member, the Chairman of that Committee.

(iii) Application of waiver

A waiver will apply in relation to the disability to participate in the proceedings of the Trust on account of a pecuniary interest. It will apply to a member of the Trust, who is a healthcare professional, within the meaning of Regulation 44 of the NHS Commissioning Board and Clinical Commissioning Groups (Responsibilities and Standing Rules) Regulations 2012, and who is providing or performing, or assisting in the provision or performance, of:

- (a) services under the National Health Service Act 2006; or
- (b) services in connection with a pilot scheme under the National Health Service Act 2006;

for the benefit of persons for whom the Trust is responsible.

Where the 'pecuniary interest' of the member in the matter which is the subject of consideration at a meeting at which he is present:-

- (a) arises by reason only of the member's role as such a professional providing or performing, or assisting in the provision or performance of, those services to those persons;
- (b) has been declared by the relevant chairman as an interest which cannot reasonably be regarded as an interest more substantial than that of the majority of other persons who:
  - are members of the same profession as the member in question; and/or
  - are providing or performing, or assisting in the provision or performance of, such of those services as he provides or performs, or assists in the provision or performance of, for the benefit of persons for whom the Trust is responsible.

(iv) Conditions which apply to the waiver and the removal of having a pecuniary interest

The removal is subject to the following conditions:

- (a) the member must disclose his/her interest as soon as practicable after the commencement of the meeting and this must be recorded in the minutes;
- (b) the relevant chairman must consult the Chief Executive before making a declaration in relation to the member in question pursuant to paragraph 7.3.3 (ii) (b) above, except where that member is the Chief Executive; Brighton and Sussex University Hospitals NHS Trust Section B 31
- (c) in the case of a meeting of the Board of Directors:
  - the member may take part in the consideration or discussion of the matter which must be subjected to a vote and the outcome recorded;
  - may not vote on any question with respect to it.
- (d) in the case of a meeting of the Committee:
  - the member may take part in the consideration or discussion of the matter which must be subjected to a vote and the outcome recorded;
  - may vote on any question with respect to it; but
  - the resolution which is subject to the vote must comprise a recommendation to, and be referred for approval by, the Trust Board of Directors.

## **7.4 Standards of Business Conduct**

### **7.4.1 Trust policy and national guidance**

The Board of Directors and all employees must comply with the Trust's Standards of Business Conduct and Conflicts of Interest Policy and the national guidance contained in HSG(93)5 on 'Standards of Business Conduct for NHS staff' (see paragraph 6.2 above). In addition the Board of Directors must comply with the Standards for members of NHS Board and CCG governing bodies in England, published by the Professional Standards Authority.

### **7.4.2 Interest of executive directors and employees in contracts**

- (i) Any executive member of the Board of Directors or employee of the Trust who comes to know that the Trust has entered into or proposes to enter into a contract in which he or any person connected with him (as defined in s252 of the Companies Act 2006) has any pecuniary interest, direct or indirect, the Officer shall declare their interest by giving notice in writing of such fact to the Chief Executive or the Director of Corporate Affairs as soon as practicable.
- (ii) An executive director other than the Chief Executive or a senior employee should also declare to the Chief Executive any other employment or business or other relationship of his, or of a cohabiting spouse, that conflicts, or might reasonably be predicted could conflict with the interests of the Trust.
- (iii) The Trust will require interests, employment or relationships so declared to be entered in a register of interests of staff.

#### **7.4.3 Canvassing of, and recommendations by, members of the Board of Directors in relation to appointments**

- (i) Canvassing of members of the Board of Directors or of any Committee of the Board of Directors directly or indirectly for any appointment by the Trust shall disqualify the candidate for such appointment.

The contents of this paragraph shall be included in application forms or otherwise brought to the attention of candidates.

- (iii) Members of the Board of Directors shall not solicit for any person any appointment by the Trust or recommend any person for such appointment; but this paragraph shall not preclude a member from giving written testimonial of a candidate's ability, experience or character for submission to the Trust.

#### **7.4.4 Relatives of members of the Board of Directors or senior employees**

- (i) Candidates for any staff appointment by the Trust shall, when making an application, disclose in writing to the Trust whether they are related to any member of the Board of Directors or the holder of any office under the Trust. Failure to disclose such a relationship shall disqualify a candidate and, if appointed, render him liable to instant dismissal.
- (ii) The Chairman of the Board of Directors, every member of the Board of Directors and senior employees shall disclose to the Board of Directors any relationship between himself and a candidate of whose candidature that member or employee is aware. It shall be the duty of the Chief Executive to report to the Board of Directors any such disclosure made.
- (iv) On appointment, non-executive members of the Board of Directors, and in the case of executive members of the Board Directors, prior to appointment, should disclose to the Board of Directors whether they are related to any other member or holder of any office in the Trust.
- (iv) Where the relationship to a member of the Board of Directors is disclosed, the provisions of paragraph 7 shall apply.

### **8. Custody of seal, sealing and signature of documents**

#### **8.1 Custody of seal**

The common seal of the Trust shall be kept by the Chief Executive or a nominated manager by him in a secure place.

#### **8.2 Sealing of documents**

Where it is necessary that a document shall be sealed, the seal shall be affixed in the presence of two senior employees duly authorised by the Chief Executive, and shall be attested by them. They shall not be from the originating department.

#### **8.3 Register of sealing**

The Chief Executive shall ensure that a register is maintained in which he, or another manager authorised by him, shall enter a record of the sealing of every document. The register shall be reported to the Board at least annually.

#### **8.4 Signature of documents**

Where any document will be a necessary step in legal proceedings on behalf of the Trust, it shall, unless any enactment otherwise requires or authorises, be signed by the Chief Executive or any other executive member of the Board of Directors.

In land transactions, the signing of certain supporting documents will be delegated to senior employees and set out clearly in the Scheme of Delegation but will not include the main or principal documents effecting the transfer, for example, sale/purchase agreement, lease, contracts for construction works and main warranty agreements or any document which is required to be executed as a deed.

# **Scheme of Reservation and Delegation**



## Part One Decisions reserved to the Board of Directors

Ref	Decisions reserved to the Board
1	<p><b>General Enabling Provision</b> The Board may determine any matter, for which it has delegated or statutory authority, it wishes in full session within its statutory powers</p>
2	<p><b>Regulations and Control</b></p> <p>2.1 Approve Standing Orders (SOs), a schedule of matters reserved to the Board and Standing Financial Instructions for the regulation of its proceedings and business, Standing Financial Instructions and Rules of Procedure</p> <p>2.2 Suspend Standing Orders</p> <p>2.3 Vary or amend the Standing Orders</p> <p>2.4 Ratify any urgent decisions taken by the Chairman and Chief Executive in public session in accordance with paragraph 5.2 of the Standing Orders</p> <p>2.5 Approve a scheme of delegation of powers from the Board of Directors to Committees of the Board of Directors</p> <p>2.6 Require and receive the declaration of members of the Board of Director's interests that may conflict with those of the Trust and determining the extent to which that member may remain involved with the matter under consideration</p> <p>2.7 Require and receive the declaration of interests of executive members of the Board of Directors that may conflict with those of the Trust</p> <p>2.8 Receive reports from Committees including those that the Trust is required by the Secretary of State or other regulation to establish and to take appropriate action on</p> <p>2.9 Confirm the recommendations of Committees of the Board of Directors where the Committees do not have executive powers</p> <p>2.10 Approve arrangements relating to the discharge of the Trust's responsibilities as a corporate trustee for funds held on trust.</p> <p>2.11 Establish terms of reference and reporting arrangements of all Committees and Sub-Committees that are established by the Board</p> <p>2.12 Approve arrangements relating to the discharge of the Trust's responsibilities as a bailer for patients' property</p> <p>2.13 Authorise use of the Trust seal</p> <p>2.14 Ratify or otherwise instances of failure to comply with Standing Orders brought to the Chief Executive's attention in accordance with paragraph 5.6 of the Standing Orders</p> <p>2.15 Discipline members of the Board of Directors or employees who are in breach of statutory requirements or Standing Orders</p>
3	<p><b>Appointments/ Dismissal</b></p> <p>3.1 Appoint the Deputy Chairman of the Board</p> <p>3.2 Appoint and dismiss committees (and individual members) that are directly accountable to the Board of Directors</p> <p>3.3 Confirm appointment of members of any committee of the Board of Directors as representatives on outside bodies</p>
4	<p><b>Strategy, Plans and Budgets</b></p> <p>4.1 Set the Trust's strategic aims</p> <p>4.2 Set the Trust's values and standards</p> <p>4.3 Approve proposals for ensuring the safety and quality of services and safety and quality governance for services provided by the Trust, having regard to any guidance issued by the Secretary of State.</p> <p>4.4 Approve the Trust's policies and procedures for the management of risk</p> <p>4.5 Approve Outline and Final Business Cases for Capital Investment above and beyond the Trust's delegated limits for onward submission to the NHS Trust Development Authority as necessary</p> <p>4.6 Approve budgets</p> <p>4.7 Approve proposals for acquisition, disposal or change of use of land and/or buildings</p> <p>4.8 Approve PFI proposals (if any).</p> <p>4.9 Approve the opening of bank accounts.</p> <p>4.10 Approve proposals in individual cases for the write off of losses or making of special payments above the limits of delegation to the Chief Executive and Chief Financial Officer (for losses and special payments) previously approved by the Board.</p>

	<p>4.11 Approve individual compensation payments arising from patient litigation.</p> <p>4.12 Approve proposals for action on litigation against or on behalf of the Trust.</p> <p>4.13 Review use of NHSLA risk pooling schemes (including CNST).</p>
5	<p><b>Audit</b></p> <p>Receive the annual management letter received from the external auditor and agreement of proposed action, taking account of the advice, where appropriate, of the Audit Committee</p>
6	<p><b>Annual Reports and Accounts</b></p> <p>Receive and approve the Trust's annual report and annual accounts</p>
7	<p><b>Monitoring</b></p> <p>7.1 Receive such reports as the Board of Directors sees fit from Committees in respect of their exercise of powers delegated.</p> <p>7.2 Hold the organisation to account for the delivery of the strategy and through seeking assurance that systems of internal control are robust and reliable</p> <p>7.3 Ensure that the necessary financial, human and physical resources are in place to enable the Trust to meet its priorities and objectives and periodically review management performance, including through reports from the Chief Operating Officer and Chief Financial Officer on financial and operational performance against budget and contracts agreed with commissioners.</p>

## Part Two Decisions delegated to Board Committees

Ref	Committee	Decisions delegated by the Board of Directors to Committees
SFI 11.1.1	<b>Audit Committee</b>	<p>The Committee shall:</p> <ol style="list-style-type: none"> <li>1. review the establishment and maintenance of an effective system of corporate governance, internal control and risk management across the whole of the Trust's activities that supports the achievement of the Trust's objectives;</li> <li>2. monitor the integrity of the financial statements of the Trust;</li> <li>3. monitor the independent auditors' qualifications, independence and performance;</li> <li>4. monitor the performance of the Trust's Internal Audit function; and</li> <li>5. monitor compliance by the Trust with legal and regulatory requirements</li> </ol>
SFI 18.1.2	<b>Nomination and Remuneration Committee</b>	<p>The Committee shall:</p> <ol style="list-style-type: none"> <li>1. appoint and, if necessary, dismiss the executive directors, establish and monitor the level and structure of total reward for executive directors, ensuring transparency, fairness and consistency; and</li> <li>2. receive reports from the Chairman of the Board of Directors on the annual appraisal of the Chief Executive, and from the Chief Executive on the annual appraisals of executive directors, as part of determining their remuneration</li> </ol>
S0 4.8.3	<b>Quality and Risk Committee</b>	<p>The purpose of the Committee is to provide assurance to the Board of Directors on the on-going development and delivery of the Trust's Safety and Quality Strategy and the safety and quality of services within the Hospital</p>
S0 4.8.4	<b>Finance and Workforce Committee</b>	<p>The purpose of the Finance and Workforce Committee is to provide assurance to the Board of Directors in the following areas: strategic financial and workforce matters; implementation of the People Strategy as agreed by the Board; delivery of in-year financial plans and cost improvement plans; the Trust's financial and investment policies; long-term financial sustainability, capital investment, delivery of significant projects and financial sustainability; and health and safety.</p>

### Part Three: Scheme of delegation derived from Accountable Officer Memorandum

Ref	Delegated to	Duties delegated
7	CEO	Accountable through NHS Accountable Officer to Parliament for stewardship of Trust resources
9	CEO and CFO	Ensure the accounts of the Trust are prepared under principles and in a format directed by the Secretary of State. Accounts must disclose a true and fair view of the Trust's income and expenditure and its state of affairs.  Sign the accounts on behalf of the Board.
10	CEO	Sign a statement in the accounts outlining responsibilities as the Accountable Officer.  Sign a statement in the accounts outlining responsibilities in respect of Internal Control.
12, 13	CEO	Ensure effective management systems that safeguard public funds and assist the Trust Chairman to implement requirements of corporate governance including ensuring managers <ul style="list-style-type: none"> <li>• have a clear view of their objectives and the means to assess achievements in relation to those objectives</li> <li>• be assigned well defined responsibilities for making best use of resources</li> </ul> Have the information, training and access to the expert advice they need to exercise their responsibilities effectively
12	Chairman of the Board of Directors	Implement requirements of corporate governance
13	CEO	Achieve value for money from the resources available to the Trust and avoid waste and extravagance in the organisation's activities  Follow through the implementation of any recommendations affecting good practice as set out on reports from such bodies as the Audit Commission and the National Audit Office (NAO).
15	CFO	Operational responsibility for effective and sound financial management and information
16	CEO	Primary duty to see that the CFO discharges this function
17	CEO	Ensuring that expenditure by the Trust complies with Parliamentary requirements
18	CEO, CFO	Chief Executive, supported by the Chief Financial Officer, to ensure appropriate advice is given to the Board of Directors on all matters of probity, regularity, prudent and economical administration, efficiency and effectiveness.
19	CEO	If the Chief Executive considers the Board of Directors or Chairman of Board of Directors is doing something that might infringe probity or regularity, he should set this out in writing to the Chairman of the Board of Directors and the Board of Directors. If the matter is unresolved, he should ask the Audit Committee to inquire and, if necessary, the TDA and Department of Health.
20	CEO	If the Board of Directors is contemplating a course of action

		<p>that raises an issue not of formal propriety or regularity but affects the Chief Executive's responsibility for value for money, the Chief Executive should draw the relevant factors to the attention of the Board of Directors. If the outcome is that you are overruled it is normally sufficient to ensure that your advice and the overruling of it are clearly apparent from the papers. Exceptionally, the Chief Executive should inform the TDA and the Department of Health. In such cases, and in those described in paragraph 24, the Chief Executive should as a member of the Board vote against the course of action rather than merely abstain from voting</p>
--	--	--

## Part Four Scheme of Delegation from Standing Orders

SO Ref	Delegated to	Duties delegated
1.1	Chairman of the Board of Directors	Final authority in interpretation of Standing Orders (SOs).
2.4	Board of Directors	Appointment of Deputy Chairman
3.1	Chairman of the Board of Directors	Call meetings
3.9	Chairman of the Board of Directors	Chair all meetings of the Board of Directors and associated responsibilities.
3.10	Chairman of the Board of Directors	Give final ruling in questions of order, relevancy and regularity of meetings
3.12	Chairman of the Board of Directors	Having a second or casting vote
3.13	Board of Directors	Suspension of Standing Orders
3.13	Audit Committee	Review of every decision by the Board of Directors to suspend Standing Orders
3.14	Board of Directors	Variation or amendment of Standing Orders
4.1	Board of Directors	Formal delegation of powers to committees or joint committees and approval of their constitution and terms of reference. The constitution and terms of reference of sub committees may be approved by the Chief Executive
5.2	Chairman of the Board of Directors and CEO	The powers which the Board has retained to itself within these Standing Orders may, in case of emergency, be exercised by the Chairman of the Board of Directors and Chief Executive after having consulted at least two non-executive members
5.4	CEO	The Chief Executive shall prepare a Scheme of Delegation identifying his proposals that shall be considered and approved by the Board of Directors subject to any amendment agreed during the discussion
5.6	All Staff	Disclosure of non-compliance with Standing Orders to the Chief Executive as soon as possible
7.1	Board of Directors	Declare relevant and material interests
7.2	Chief Executive	Maintain register of interests
7.4	All Staff	Comply with national guidance contained in HSG 1993/5 Standards of Business Conduct for NHS Staff
7.4	All Staff	Disclose relationship between self and candidate for staff appointment. The Chief Executive shall report any disclosures to the Board of Directors
8.1/8.3	CEO	Keep seal in safe place and maintain a register of sealing.
8.4	CEO and Executive Directors	Approve and sign all documents which will be necessary in legal proceedings

- A separate detailed scheme in regard of the Trust statutory duties, Director responsibilities, and the governance of those duties, has also been agreed

## Section Five Scheme of Delegation from Standing Financial Instructions

SFI Ref	Delegated to	Duties delegated
10.1.3	Executive Management Board	Approval of all financial procedures
10.1.4	CFO	Advice on interpretation or application of SFIs.
10.1.6	All members of the Board of Directors and employees	Have a duty to disclose any non-compliance with these Standing Financial Instructions to the Chief Financial Officer and Director of Corporate Affairs as soon as possible
10.2.4	CEO	Responsible as the Accountable Officer to ensure financial targets and obligations are met and have overall responsibility for the System of Internal Control
10.2.4	CEO, CFO	Accountable for financial control but will, as far as possible, delegate their detailed responsibilities
10.2.5	CEO	To ensure all members of the Board of Directors and employees, present and future, are notified of, and understand, Standing Financial Instructions
10.2.6	CFO	Responsible for <ul style="list-style-type: none"> <li>(i) implementing the Trust's financial policies and co-ordinating corrective action;</li> <li>(ii) maintaining an effective system of financial control including ensuring detailed financial procedures and systems are prepared and documented;</li> <li>(iii) ensuring that sufficient records are maintained to explain Trust's transactions and financial position;</li> <li>(iv) providing financial advice to members of the Board of Directors and staff;</li> <li>(v) maintaining such accounts, certificates etc. as are required for the Trust to carry out its statutory duties</li> </ul>
10.2.7	All members of the Board of Directors and employees	Responsible for security of the Trust's property, avoiding loss, exercising economy and efficiency in using resources and conforming to Standing Orders, Standing Financial Instructions and financial procedures
10.2.8	CEO	Ensure that 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 are made aware of these instructions and their requirement to comply
11.1.1	Audit Committee	Provide independent and objective view on internal control and probity
11.1.2	Chairman of the Board of Directors	Raise the matter at the Board of Directors meeting where Audit Committee considers there is evidence of ultra vires transactions or improper acts
11.1.3 & 11.2.1	CFO	Ensure an adequate internal audit service, for which he is accountable, is provided and involve the Audit Committee in the selection process when/if an internal audit service provider is changed
11.2.1	CFO	Decide at what stage to involve police in cases of misappropriation and other irregularities not involving fraud or corruption
11.3	Head of Internal Audit	Review, appraise and report in accordance with NHS Internal Audit Manual and best practice.
11.4	Audit Committee	Ensure a cost-effective external audit service
11.5	CEO & CFO	Monitor and ensure compliance with Secretary of State Directions on fraud and corruption including the

		appointment of the Local Counter Fraud Specialist
11.6	CEO & Chief Nurse	Monitor and ensure compliance with Directions issued by the Secretary of State for Health on NHS security management including appointment of the Local Security Management Specialist
12.1.1	CEO	Compile and submit to the Board an annual operating plan which takes into account financial targets and forecast limits of available resources. The plan will contain a statement of the significant assumptions on which the plan is based and details of major changes in workload, delivery of services or resources required to achieve the plan
12.1.2 & 12.1.3	CFO	Submit budgets to the Board of Directors for approval  Monitor performance against budget; submit to the Board of Directors financial estimates and forecasts
12.1.6	CFO	Ensure adequate training is delivered on an on- going basis to budget holders
12.3.1	CEO	Delegate budget to budget holders
12.3.2	CEO & Budget Holders	Must not exceed the budgetary total or virement limits set by the Board of Directors
12.4.1	CFO	Devise and maintain systems of budgetary control
12.4.2	Budget Holders	Ensure that (i) no overspend or reduction of income that cannot be met from virement is incurred without prior consent of the Board of Directors; (ii) approved budget is not used for any other than specified purpose subject to rules of virement; (iii) no permanent employees are appointed without the approval of the Chief Executive other than those provided for within available resources and manpower establishment.
12.4.3	CEO	Identify and implement cost improvements and income generation activities in line with the local delivery plan
12.6	CEO	Submit monitoring returns
13.1	CFO	Preparation of annual accounts and reports
14.1	CFO	Managing banking arrangements approved by the Board of Directors, including provision of banking services, operation of accounts, preparation of instructions and list of cheque signatories
15	CFO	Income systems, including system design, prompt banking, review and approval of fees and charges, debt recovery arrangements, design and control of receipts, provision of adequate facilities and systems for employees whose duties include collecting or holding cash.
15.2.3	All employees	Duty to inform the Chief Financial Officer of money due from transactions which they initiate/deal with
16	CEO	Tendering and contract procedure
16.5.3	CEO	Waive formal tendering procedures
16.5.3	CFO	Report waivers of tendering procedures to the Audit Committee.
16.5.5	CFO	Where a supplier is chosen that is not on the approved list the reason shall be recorded in writing to the Chief Executive
16.6.2	CEO	Responsible for the receipt, endorsement and safe custody



		of tenders received
16.6.3	CEO	Shall maintain a register to show each set of competitive tender invitations despatched
16.6.4	CEO & CFO	Where one tender is received will assess for value for money and fair price.
16.6.6	CEO	No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with these Instructions except with the authorisation of the Chief Executive
16.6.8	CEO	Will appoint a manager to maintain a list of approved firms
16.6.9	CEO	Shall ensure that appropriate checks are carried out as to the technical and financial capability of those firms that are invited to tender or quote
16.7.2	CEO	The Chief Executive or his nominee should evaluate the quotation and select the quote which gives the best value for money
16.7.4	CEO or CFO	No quotation shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with these Instructions except with the authorisation of the Chief Executive.
16.10	CEO	The Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.
16.10	Board of Directors	All PFI proposals must be agreed by the Board of Directors
16.11	CEO	The Chief Executive shall nominate an employee who shall oversee and manage each contract on behalf of the Trust
16.12	CEO	The Chief Executive shall nominate employees with delegated authority to enter into contracts of employment, regarding staff, agency staff or temporary staff service contracts.
16.15	CEO	The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis
16.15.5	CEO	The Chief Executive shall nominate an employee to oversee and manage the contract on behalf of the Trust
17.1.1	CEO	Must ensure the Trust enters into suitable Service Level Agreements (SLAs) with service commissioners for the provision of NHS services
17.3	CEO	As the Accountable Officer, ensure that regular reports are provided to the Board detailing actual and forecast income from the SLA
18.1.1	Board of Directors	Establish a Nomination and Remuneration Committee
18.2.2	CEO	Approval of variation to funded establishment of any department
18.3	CEO	Staff, including agency staff, appointments and re-grading
18.4.1 and 18.4.2	CFO	Payroll: (i) specifying timetables for submission of properly authorised time records and other notifications; (ii) final determination of pay and allowances; (iii) making payments on agreed dates; (iv) agreeing method of payment; (v) issuing instructions (as listed in SFI 10.4.2).
18.4.3	Nominated managers	Submit time records in line with timetable. Complete time records and other notifications in required form. Submit termination forms in prescribed form and on time
18.4.4	CFO	Ensure that the chosen method for payroll processing is

		supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures and that suitable arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies
18.5	Operational Director of HR	Ensure that all employees are issued with a Contract of Employment in a form approved by the Executive Management Board and which complies with employment legislation. Deal with variations to, or termination of, contracts of employment
19.1	CEO	Determine, and set out, level of delegation of non-pay expenditure to budget managers, including a list of managers authorised to place requisitions, the maximum level of each requisition and the system for authorisation above that level.
19.1.3	CEO	Set out procedures on the seeking of professional advice regarding the supply of goods and services
19.2.1	Requisitioner	In choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the Trust. In so doing, the advice of the Trust's adviser on supply shall be sought.
19.2.2	CFO	Shall be responsible for the prompt payment of accounts and claims
19.2.3	CFO	<p>(i) Advise the Board of Directors regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in standing orders and regularly reviewed.</p> <p>(ii) Prepare procedural instructions [where not already provided in the Scheme of Delegation or procedure notes for budget holders] on the obtaining of goods, works and services incorporating the thresholds.</p> <p>(iii) Be responsible for the prompt payment of all properly authorised accounts and claims.</p> <p>(iv) Be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable.</p> <p>(iv) A timetable and system for submission to the Chief Financial Officer of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment.</p> <p>(v) Instructions to employees regarding the handling and payment of accounts within the Finance Department.</p> <p>(vii) Be responsible for ensuring that payment for goods and services is only made once the goods and services are received</p>
19.2.4	Appropriate executive director	Make a written case to support the need for a prepayment.
19.2.4	CFO	Approve proposed prepayment arrangements
19.2.4	Budget Holder	Ensure that all items due under a prepayment contract are received and immediately inform the Chief Financial Officer if problems are encountered
19.2.5	CEO	Authorise who may use and be issued with official orders
19.2.6	Senior employees	Ensure that they comply fully with the guidance and limits specified by the Chief Financial Officer
19.2.7	CEO & CFO	Ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within CONCODE and ESTATECODE. The technical audit of these contracts shall be the responsibility of the relevant

		Director.
19.3	CFO	Lay down procedures for payments to local authorities and voluntary organisations made under the powers of section 28A of the NHS Act.
22.1.1	CFO	The Chief Financial Officer will advise the Board of Directors on the Trust's ability to pay dividend on PDC and report, periodically, concerning the PDC debt and all loans and overdrafts
20.1.2	Board of Directors	Approve a list of employees authorised to make short term borrowings on behalf of the Trust. This must include the Chief Executive and Chief Financial Officer.
20.1.3	CFO	Prepare detailed procedural instructions concerning applications for loans and overdrafts.
20.1.4	CEO or CFO	Be on an authorising panel comprising one other member for short term borrowing approval.
20.2.2	CFO	Advise the Board of Directors on investments and report, periodically, on performance of same.
20.2.3	CFO	Prepare detailed procedural instructions on the operation of investments held.
21	CFO	Ensure that members of the Board of Directors are aware of the Financial Framework and ensure compliance
22.1.1 22.1.2	CEO	Capital investment programme: (i) ensure that there is adequate appraisal and approval process for determining capital expenditure priorities and the effect that each has on plans; (ii) responsible for the management of capital schemes and for ensuring that they are delivered on time and within cost; (iii) ensure that capital investment is not undertaken without availability of resources to finance all revenue consequences; and (iv) ensure that a business case is produced for each proposal.
22.1.2	CFO	Certify professionally the costs and revenue consequences detailed in the business case for capital investment.
22.1.3	CFO	Issue procedures for management of contracts involving stage payments.
22.1.4	CFO	Assess the requirement for the operation of the construction industry taxation deduction scheme.
22.1.5	CFO	Issue procedures for the regular reporting of expenditure and commitment against authorised capital expenditure.
22.1.6	CEO	Issue manager responsible for any capital scheme with authority to commit expenditure, authority to proceed to tender and approval to accept a successful tender  Issue a scheme of delegation for capital investment management
22.1.7	CFO	Issue procedures governing financial management, including variation to contract, of capital investment projects and valuation for accounting purposes
22.2.1	CFO	Demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
22.2.1	Board of Directors	Proposal to use PFI must be specifically agreed by the Board.
22.3.1	CEO	Maintenance of asset register, on advice from the Chief Financial Officer.
22.3.5	CFO	Approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset

		registers.
22.3.8	CFO	Calculate and pay capital charges in accordance with Department of Health requirements.
22.4.1	CEO	Overall responsibility for fixed assets.
22.4.2	CFO	Approval of fixed asset control procedures.
22.4.4	Board of Directors, executive directors and all senior staff	Responsibility for security of Trust assets including notifying discrepancies to the Chief Financial Officer, and reporting losses in accordance with Trust procedure.
23.2	CEO	Delegate overall responsibility for control of stores (subject to Chief Financial Officer responsibility for systems of control). Further delegation for day-to-day responsibility subject to such delegation being recorded.
23.2	CFO	Responsible for systems of control over stores and receipt of goods.
23.2	Designated Pharmaceutical Officer	Responsible for controls of pharmaceutical stocks
23.2	Designated estates manager	Responsible for control of stocks of fuel oil and coal.
23.2	Nominated staff	Security arrangements and custody of keys
23.2	CFO	Set out procedures and systems to regulate the stores
23.2	CFO	Agree stocktaking arrangements
23.2	CFO	Approve alternative arrangements where a complete system of stores control is not justified
23.2	CFO	Approve system for review of slow moving and obsolete items and for condemnation, disposal and replacement of all unserviceable items.
23.2	Nominated staff	Operate system for slow moving and obsolete stock, and report to the CFO evidence of significant overstocking.
23.3.1	CEO	Identify persons authorised to requisition and accept goods from NHS Supplies stores.
24.1.1	CFO	Prepare detailed procedures for disposal of assets including condemnations and ensure that these are notified to managers.
24.2.1	CFO	Prepare procedures for recording and accounting for losses, special payments and informing police in cases of suspected arson or theft.
24.2.2	All Staff	Discovery or suspicion of loss of any kind must be reported immediately to either head of department or nominated employee. The head of department / nominated employee should then inform the Chief Executive and Chief Financial Officer.
24.2.2	CFO	Where a criminal offence is suspected, the must Chief Financial Officer inform the police if theft or arson is involved. In cases of fraud and corruption the Chief Financial Officer must inform the relevant LCFS and NHS Protect Team in line with the Standard NHS Contract (General Condition 6.6)
24.2.2	CFO	Notify NHS Protect and External Audit of all frauds
24.2.3	CFO	Notify the Board of Directors and External Auditor of losses caused theft, arson, neglect of duty or gross carelessness (unless trivial).
24.2.4	Board of Directors	Approve write off of losses (within limits delegated by the Department of Health).
24.2.6	CFO	Consider whether any insurance claim can be made
24.2.7	CFO	Maintain losses and special payments register.
25.1	CFO	Responsible for accuracy and security of computerised financial data.
25.1	CFO	Satisfy himself that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation.

		Where this is undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation.
25.1.3	Director of Corporate Affairs	Shall publish and maintain a Freedom of Information Scheme.
25.2.1	Relevant staff	Send proposals for general computer systems to the Chief Financial Officer
25.3	CFO	Ensure that contracts with other bodies for the provision of computer services for financial applications clearly define responsibility of all parties for security, privacy, accuracy, completeness and timeliness of data during processing, transmission and storage, and allow for audit review.  Seek periodic assurances from the provider that adequate controls are in operation.
25.4	Director of Health Informatics	Ensure that risks to the Trust from use of IT are identified and considered and that disaster recovery plans are in place.
25.5	CFO	Where computer systems have an impact on corporate financial systems satisfy himself that: (i) systems acquisition, development and maintenance are in line with corporate policies; (ii) data assembled for processing by financial systems is adequate, accurate, complete and timely, and that a management rail exists; (iii) the Chief Operating Officer and staff have access to such data; Such computer audit reviews are being carried out as are considered necessary.
26.2	CEO	Responsible for ensuring patients and guardians are informed about patients' money and property procedures on admission
26.3	CFO	Provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients' property (including instructions on the disposal of the property of deceased patients and of patients transferred to other premises) for all staff whose duty is to administer, in any way, the property of.
26.6	Clinical Directorate Managers	Inform staff of their responsibilities and duties for the administration of the property of patients
27.1	CFO	Shall ensure that each trust fund which the Trust is responsible for managing is managed appropriately.
28	CFO	Ensure all staff are made aware of the Trust policy on the acceptance of gifts and other benefits in kind by staff
29	CEO	Retention of document procedures in accordance with HSC 1999/053.
30.1	CEO	Risk management programme
30.1	CEO	Approve and monitor risk management programme.
30.2	Board of Directors	Decide whether the Trust will use the risk pooling schemes administered by the NHS Litigation Authority or self-insure for some or all of the risks (where discretion is allowed). Decisions to self-insure should be reviewed annually.
30.4	CFO	Where the Board decides to use the risk pooling schemes administered by the NHS Litigation Authority the Chief Financial Officer shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Chief Financial Officer shall ensure that documented procedures cover these arrangements.

		<p>Where the Board of Directors decides not to use the risk pooling schemes administered by the NHS Litigation Authority for any one or other of the risks covered by the schemes, the Chief Financial Officer shall ensure that the Board of Directors is informed of the nature and extent of the risks that are self-insured as a result of this decision. The Chief Financial Officer will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses that will not be reimbursed.</p>
30.4	CFO	<p>Ensure documented procedures cover management of claims and payments below the deductible.</p>

# **STANDING FINANCIAL INSTRUCTIONS**

<b>CONTENTS</b>		<b>Page</b>
10.	<b>INTRODUCTION</b>	53
11.	<b>AUDIT</b>	55
12.	<b>ALLOCATIONS, PLANNING, BUDGETS, AND MONITORING BUDGETARY CONTROL</b>	57
13.	<b>ANNUAL ACCOUNTS AND REPORTS</b>	59
14.	<b>BANK AND OPG ACCOUNTS</b>	60
15.	<b>INCOME, FEES AND CHARGES AND SECURITY OF CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUMENTS</b>	60
16.	<b>TENDERING AND CONTRACTING PROCEDURE</b>	61
17.	<b>NHS SERVICE AGREEMENTS FOR PROVISION OF SERVICES</b>	63
18.	<b>TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF THE TRUST BOARD AND EMPLOYEES</b>	64
19.	<b>NON-PAY EXPENDITURE</b>	66
20.	<b>EXTERNAL BORROWING</b>	69
21.	<b>CAPITAL INVESTMENT, PRIVATE FINANCING, FIXED ASSET REGISTERS AND SECURITY OF ASSETS</b>	70
22.	<b>STORES AND RECEIPT OF GOODS</b>	73
23.	<b>DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENT</b>	74
24.	<b>INFORMATION TECHNOLOGY</b>	75
25.	<b>PATIENTS' PROPERTY</b>	76
26.	<b>FUNDS HELD ON TRUST</b>	77
27.	<b>ACCEPTANCE OF GIFTS BY STAFF AND LINK TO STANDARDS OF BUSINESS CONDUCT</b>	78
28.	<b>RETENTION OF RECORDS</b>	78
29.	<b>RISK MANAGEMENT AND INSURANCE</b>	79



## **10. INTRODUCTION**

### **10.1 General**

- 10.1.1 The Trust shall agree Standing Financial Instructions for the regulation of the conduct of its officers in relation to all financial matters with which they are concerned.
- 10.1.2 These Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Decisions Reserved to the Board and the Scheme of Delegation adopted by the Trust.
- 10.1.3 These Standing Financial Instructions identify the financial responsibilities which apply to everyone working for the Trust and its constituent organisations including Trading Units. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Trust's Finance & Workforce Committee.
- 10.1.4 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Chief Financial Officer must be sought before acting.
- 10.1.5 The failure to comply with Standing Financial Instructions, in certain circumstances, can be regarded as a disciplinary matter that could result in dismissal.
- 10.1.6 Overriding Standing Financial Instructions – If for any reason these Standing Financial Instructions are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit Committee for referring action or ratification. All officers and employees of the Trust have a duty to disclose any non-compliance with these Standing Financial Instructions to the Chief Financial Officer as soon as possible.

### **10.2 Responsibilities and delegation**

- 10.2.1 **The Trust Board:** The Board exercises financial supervision and control by:
- (d) formulating the financial strategy;
  - (e) requiring the submission and approval of budgets within approved allocations/overall income;
  - (f) defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money);
  - (g) defining specific responsibilities placed on members of the Board and employees as indicated in the Scheme of Delegation document.
- 10.2.2 The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the 'Decisions Reserved to the Board'. All other powers have been delegated to such other committees as the Trust has established.
- 10.2.3 **The Chief Executive and Chief Financial Officer:** The Chief Executive and Chief Financial Officer will, as far as possible, delegate their detailed responsibilities, but they remain accountable for financial control.
- 10.2.4 Within the Standing Financial Instructions, it is acknowledged that the Chief Executive is ultimately accountable to the Board, and as Accountable Officer, to the Secretary of State, for ensuring that the Board meets its obligation to perform its functions within the available

financial resources. The Chief Executive has overall executive responsibility for the Trust's activities; is responsible to the Chair and the Board for ensuring that its financial obligations and targets are met and has overall responsibility for the Trust's system of internal control.

10.2.5 It is a duty of the Chief Executive to ensure that officers of the Board and, employees and all new appointees are notified of, and put in a position to understand their responsibilities within these Instructions.

10.2.6 The Chief Financial Officer: The Chief Financial Officer is responsible for:

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

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

- (d) the provision of financial advice to other members of the Board and employees;
- (e) the design, implementation and supervision of systems of internal financial control;
- (f) the preparation and maintenance of such accounts, certificates, estimates, records and reports as the Trust may require for the purpose of carrying out its statutory duties.

10.2.7 **Board Officers and Employees:** All officers of the Board and employees, individually and collectively, are responsible for:

- (a) the security of the property of the Trust;
- (b) avoiding loss;
- (c) exercising economy and efficiency in the use of resources;
- (d) conforming with the requirements of the Trust constitution, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation.

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

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

## **11. AUDIT**

### **11.1 Audit Committee**

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

- (i) reviewing the establishment and maintenance of an effective system of corporate governance, internal control and risk management across the whole of the Trust's activities (clinical and non-clinical) that supports the achievement of the Trust's objectives;
- (ii) reviewing the adequacy of all risk and control related disclosure statements
- (iii) monitoring the integrity of the financial statements of the Trust and reviewing financial reporting judgements;
- (iv) monitoring the independent auditors' qualifications, independence and performance;
- (v) monitoring the performance of the Trust's Internal Audit function; and
- (vi) monitoring compliance by the Trust with legal, regulatory and code of conduct requirements

11.1.2 Where the Audit Committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wishes to raise, the Chair of the Audit Committee should raise the matter at a full meeting of the Board.

11.1.3 It is the responsibility of the Chief Financial Officer to ensure an adequate Internal Audit service is provided and the Audit Committee shall be involved in the selection process when/if an Internal Audit service provider is changed.

### **11.2 Chief Financial Officer**

11.2.1 The Chief Financial Officer is responsible for:

- (a) ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective Internal Audit function;
- (b) ensuring that the Internal Audit is adequate and meets the NHS mandatory audit standards;
- (c) deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption;
- (d) ensuring that an annual internal audit report is prepared for the consideration of the Audit Committee and the Board. The report must cover:
  - (i) a clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the Department of Health including for example compliance with control criteria and standards;
  - (ii) major internal financial control weaknesses discovered;
  - (iii) progress on the implementation of internal audit recommendations;
  - (iv) progress against plan over the previous year;
  - (v) strategic audit plan covering the coming three years;
  - (vi) a detailed plan for the coming year.

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

- (a) access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;

- (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.

### **11.3 Role of Internal Audit**

#### **11.3.1 Internal Audit will review, appraise and report upon:**

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

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

11.3.3 The Chief Internal Auditor will normally attend Audit Committee meetings and has a right of access to all Audit Committee members, the Chair and Chief Executive of the Trust.

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

### **11.4 External Audit**

11.4.1 The External Auditor is appointed by the Audit Commission and paid for by the Trust. The Audit Committee must ensure a satisfactory and cost-efficient service is delivered. If there are any problems relating to the service provided by the External Auditor, then this should be raised with the External Auditor and referred on to the Audit Committee if the issue cannot be resolved.

### **11.5 Fraud, Bribery and Corruption, and Security Management**

11.5.1 In line with their responsibilities, the Trust Chief Executive and Chief Financial Officer shall monitor and ensure compliance with standards for providers on fraud, bribery and corruption as published from time to time by NHS Protect.

11.5.2 In addition they will ensure the Trust complies with the NHS Standard Contract in respect of counter fraud and security management and provide commissioners with appropriate assurances.

11.5.3 Investigations will be carried out where appropriate within the context of the Bribery Act 2010 and the Fraud Act 2006.

11.5.4 The Chief Financial Officer will at least annually provide a written report to the Audit Committee, on counter fraud and security management activities within the Trust.

## **12. ALLOCATIONS, PLANNING, BUDGETS, BUDGETARY CONTROL, AND MONITORING**

### **12.1 Preparation and Approval of Plans and Budgets**

12.1.1 The Chief Executive will compile and submit to the Board a Service Delivery Plan which takes into account financial targets and forecast limits of available resources. The Service Delivery 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.

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

- (a) be in accordance with the aims and objectives set out in the Service Delivery Plan;
- (b) accord with workload and manpower plans;
- (c) be produced following discussion with appropriate budget holders;
- (d) be prepared within the limits of available funds;
- (e) identify potential risks.

12.1.3 The Chief Financial Officer shall monitor financial performance against budget and plan, periodically review them, and report to the Board.

12.1.4 All budget holders must provide information as required by the Chief Financial Officer to enable budgets to be compiled.

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

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

### **12.2 Budgetary Delegation**

12.2.1 The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:

- (a) the amount of the budget;
- (b) the purpose(s) of each budget heading;
- (c) individual and group responsibilities;
- (d) authority to exercise virement;
- (e) achievement of planned levels of service;
- (f) the provision of regular reports.

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

12.2.3 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Executive, subject to any authorised use of virement.

12.2.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the Chief Financial Officer.

### **12.3 Budgetary Control and Reporting**

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

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

12.3.2 Each Budget Holder is responsible for ensuring that:

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

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

### **12.4 Capital Expenditure**

12.4.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. (The particular applications relating to capital are contained in SFI 16).

## **12.5 Monitoring Returns**

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

## **13. ANNUAL ACCOUNTS AND REPORTS**

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

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

13.2 The Trust's annual accounts must be audited by an auditor appointed by the Audit Commission. The Trust's audited annual accounts must be presented to a public meeting and made available to the public.

13.3 The Trust will publish an annual report, in accordance with guidelines on local accountability, and present it to a public meeting. The document will comply with the Department of Health's Manual for Accounts.

## **14. BANK AND GBS ACCOUNTS**

### **14.1 General**

14.1.1 The Chief Financial Officer is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of accounts.

14.1.2 The Board shall approve the banking arrangements.

### **14.2 Bank and GBS Accounts**

14.2.1 The Chief Financial Officer is responsible for:

- (a) bank accounts and Government Banking System (GBS) accounts;
- (b) establishing separate bank accounts for the Trust's non-exchequer funds;
- (c) ensuring payments made from bank or GBS accounts do not exceed the amount credited to the account except where arrangements have been made;
- (d) reporting to the Board all arrangements made with the Trust's bankers for accounts to be overdrawn.
- (e) monitoring compliance with guidance on the level of cleared funds.

### **14.3 Banking Procedures**

14.3.1 The Chief Financial Officer will prepare detailed instructions on the operation of bank and GBS accounts which must include:

- (a) the conditions under which each bank and GBS account is to be operated;
- (b) those authorised to sign cheques or other orders drawn on the Trust's accounts.

14.3.2 The Chief Financial Officer must advise the Trust's bankers in writing of the conditions under which each account will be operated.

#### **14.4 Tendering and Review**

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

14.4.2 Competitive tenders should be sought at least every five years. The results of the tendering exercise should be reported to the Board. This review is not necessary for GBS accounts.

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

#### **15.1 Income Systems**

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

15.1.2 The Chief Financial Officer is also responsible for the prompt banking of all monies received.

#### **15.2 Fees and Charges**

15.2.1 The Trust shall follow the Department of Health's advice in the "Costing" Manual in setting prices for NHS service agreements.

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

15.2.3 All employees must inform the Chief Financial Officer promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.

#### **15.3 Debt Recovery**

15.3.1 The Chief Financial Officer is responsible for the appropriate recovery action on all outstanding debts.

15.3.2 Income not received should be dealt with in accordance with losses procedures.

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

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

15.4.1 The Chief Financial Officer 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.

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

15.4.3 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Chief Financial Officer.

15.4.4 The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Trust is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Trust from responsibility for any loss.

## **16. TENDERING AND CONTRACTING PROCEDURE**

### **16.1 Duty to comply with Standing Orders and Standing Financial Instructions**

The procedure for making all contracts by or on behalf of the Trust shall comply with these Standing Financial Instructions. The Trust will ensure compliance with the Public Contract Regulations 2006 (as may be amended from time to time) and relevant NHS guidance on procurement (including but not limited the Principles Rules for Cooperation and Competition, and the Procurement Guide for Commissioners of NHS-funded Services.)

### **16.2 EU Directives governing public procurement**

Directives by the Council of the European Union promulgated by the Department of Health prescribing procedures for awarding all forms of contracts shall have effect as if incorporated in these Standing Financial Instructions.

### **16.3 Reverse eAuctions**

The Trust should have policies and procedures in place for the control of all tendering activity carried out through Reverse eAuctions. For further guidance on Reverse eAuctions refer to [www.cabinetoffice.gov.uk](http://www.cabinetoffice.gov.uk).

### **16.4 Capital Investment Manual and other Department of Health Guidance**

#### **16.4.1 Capital investment and estate and property transactions**

The Trust shall comply as far as is practicable with the requirements of the Department of Health Capital Investment Manual and Estate code in respect of capital investment and estate and property transactions.

#### **16.4.2 Management consultancy contracts**

In the case of management consultancy contracts the Trust shall comply as far as is practicable with Department of Health guidance *The Procurement and Management of Consultants within the NHS*. Any proposal to engage management consultants must be submitted to the Chief Financial Officer in advance for consideration as to whether it represents value for money. The Chief Financial Officer's decision shall be final.

### **16.5 Formal competitive tendering**

#### **16.5.1 General applicability**

The Trust shall ensure that competitive tenders are invited for:

- (i) the supply of goods, materials and manufactured articles;
- (ii) the rendering of services including all forms of management consultancy services (other than specialised services sought from or provided by the Department of Health);
- (iii) the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens); for disposals.

#### 16.5.2 **Healthcare services**

Where the Trust elects to invite tenders for the supply of healthcare services these Standing Financial Instructions shall apply as far as they are applicable to the tendering procedure and need to be read in conjunction with paragraph 7 of these Standing Financial Instructions.

#### 16.5.3 **Exceptions and instances where formal tendering need not be applied**

Formal tendering procedures need not be applied:

- (i) where the estimated expenditure or income does not, or is not reasonably expected to, exceed £25K;
- (ii) where the supply is proposed under special arrangements negotiated by the Department of Health in which event the said special arrangements must be complied with;
- (iii) regarding disposals as set out in paragraph 23 of these Standing Financial Instructions;

Formal tendering procedures may be waived in the following circumstances:

- (iv) in very exceptional circumstances where the Chief Executive decides that formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate Trust record;
- (iv) where the requirement is covered by an existing contract;
- (vi) where Government Procurement Service agreements are in place and have been approved by the Board of Directors;
- (viii) where a consortium arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the consortium members;
- (viii) where the timescale genuinely precludes competitive tendering but failure to plan the work properly would not be regarded as a justification for a single tender;
- (ix) where specialist expertise is required and is available from only one source;
- (x) when the task is essential to complete the project, and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate;
- (xii) there is a clear benefit to be gained from maintaining continuity with an earlier project. However in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering;
- (xiii) for the provision of legal advice and services providing that any legal firm or partnership commissioned by the Trust is regulated by the Law Society for England

and Wales for the conduct of their business (or by the Bar Council for England and Wales in relation to the obtaining of Counsel's opinion) and are generally recognised as having sufficient expertise in the area of work for which they are commissioned. The Chief Financial Officer, in consultation with the Director of Corporate Affairs, will ensure that any fees paid are reasonable and within commonly accepted rates for the costing of such work;

- (xiv) where allowed and provided for in the Capital Investment Manual. The waiving of competitive tendering procedures should not be used to avoid competition or for administrative convenience or to award further work to a consultant originally appointed through a competitive procedure.

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

#### **16.5.4 Fair and adequate competition**

Where the exceptions set out in paragraphs 16.1 and 16.5.3 of these Standing Financial Instructions apply, the Trust shall ensure that invitations to tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and in no case less than two firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.

#### **16.5.5 List of approved firms**

The Trust shall ensure that the firms/individuals invited to tender and, where appropriate, quote, are among those on approved lists. The approved lists shall not be maintained in contravention of procurement law and guidance and entry onto the approved list shall be open to all providers. Where in the opinion of the Chief Financial Officer it is desirable to seek tenders from firms not on the approved lists, the reason shall be recorded in writing to the Chief Executive (see paragraph 16.6.8 below).

#### **16.5.6 Building and engineering construction works**

Competitive tendering cannot be waived for building and engineering construction works and maintenance (other than in accordance with Concode) without Departmental of Health approval.

All tender processes will be conducted in accordance with the requirements in respect of contracts for Works under Public Contract Regulations 2006 (as may be amended from time to time), EU procurement principles and Department of Health guidance on procurement .

#### **16.5.7 Items which subsequently breach thresholds after original approval**

Items estimated to be below the limits set in this Standing Financial Instruction for which formal tendering procedures are not used which subsequently prove to have a value above such limits shall be reported to the Chief Executive, and be recorded in an appropriate Trust record.

### **16.6 Contracting/Tendering Procedure**

#### **16.6.1 eTendering**

The Trust has adopted the eSourcing Managed Service eTendering service from BravoSolution to conduct all tender activities electronically. This service is available at <https://commercialsolutions.bravosolution.co.uk/web/login.shtml>

### 16.6.2 Invitation to Tender

- (i) All invitations to tender shall state the date and time as being the latest time for the receipt of tenders.
- (ii) No tender shall be considered for acceptance unless submitted through the appropriate process as instructed within the relevant tender document. This will be done electronically using either the BravoSolution eTendering service or P21+ Framework Portal.
- (iii) Every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable.
- (iv) Every tender for building or engineering works (except for maintenance work, when Estmancode guidance shall be followed) shall embody or be in the terms of the current edition of one of the Joint Contracts Tribunal Standard Forms of Building Contract or Department of the Environment (GC/Wks) Standard forms of contract amended to comply with concode; or, when the content of the work is primarily engineering, the General Conditions of Contract recommended by the Institution of Mechanical and Electrical Engineers and the Association of Consulting Engineers (Form A), or (in the case of civil engineering work) the General Conditions of Contract recommended by the Institute of Civil Engineers, the Association of Consulting Engineers and the Federation of Civil Engineering Contractors. These documents shall be modified and/or amplified to accord with Department of Health guidance and, in minor respects, to cover special features of individual projects.

### 16.6.2 Receipt and safe custody of tenders

An auditable date/time stamp of all actions is automatically shall be created through the BravoSolution eTendering service. This record is available for review in real-time by all staff with appropriate access rights and cannot be edited. Tenders cannot be 'opened' or supplier information viewed until the pre-defined time and date for opening has passed.

### 16.6.3 Opening tenders and Register of tenders

The buyer will access the tender once the closing time and date for opening has passed. Once the tender documents are opened the buyer can share them electronically with members of the evaluation panel. This can either be done through the BravoSolution eTendering service or downloaded and sent via email. An auditable log of actions, which may not be edited, is created including, but not limited to:

Procurement actions:

- Time/ date stamp of 'publication' of tender by buyer.
- Time/date stamp of any amendments to a 'published' tender (e.g. if any buyer tender document attachments are added/ amended during the process).
- Time/date stamp of any buyer messages communicated via the integrated messaging area (including the content, which suppliers received the message and when it was opened). All messages are delivered in a "blind copy" format to ensure suppliers cannot view who else has received a message.
- Time/date stamp of opening information including (buyer name by time/date stand by individual response envelope).
- Time/date stamp of confirmation of buyer acceptance of supplier bids.

- Time/date stamp of confirmation of buyer acceptance of supplier evaluation scores.
- Time/date stamp of confirmation of buyer award decisions.

Supplier actions:

- Time/date stamp of initial registration within the eTendering service.
- Time/date stamp by supplier of when the specific tender was first accessed.
- Time/date stamp of any supplier messages communicated via the integrated messaging area (including the content, which buyer received the message and when it was opened).
- Time/date stamp of any individual components of a 'published' tender accessed (e.g. buyer tender document attachments).
- Time/date stamp of official 'submission' of tender response.

#### 16.6.4 Admissibility

- If for any reason the designated senior employees are of the opinion that the tenders received are not strictly competitive (for example, because their numbers are insufficient or any are amended, incomplete or qualified) no contract shall be awarded without the approval of the Chief Executive.
- Where only one tender is sought and/or received, the Chief Executive and Chief Financial Officer shall, as far practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for the Trust.

#### 16.6.5 Late tenders

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

#### 16.6.6 Acceptance of formal tenders

- Any discussions with a tenderer which are deemed necessary to clarify technical aspects of his tender before the award of a contract will not disqualify the tender.
- The lowest tender, if payment is to be made by the Trust, or the highest, if payment is to be received by the Trust, shall be accepted unless there are good and sufficient reasons to the contrary. Such reasons shall be set out in either the contract file, or other appropriate record.

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

- experience and qualifications of team members;

- (b) understanding of client's needs;
- (c) feasibility and credibility of proposed approach; and
- (d) ability to complete the project on time.

Where other factors are taken into account in selecting a tenderer, these must be clearly recorded and documented in the contract file, and the reason(s) for not accepting the lowest tender clearly stated.

- (iii) No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with these Instructions except with the authorisation of the Chief Executive.
- (iv) The use of these procedures must demonstrate that the award of the contract was:
  - (a) not in excess of the going market rate / price current at the time the contract was awarded; and
  - (b) that best value for money was achieved.
- (v) All tenders should be treated as confidential and should be retained for inspection.

#### 16.6.7 **Tender reports to the Board of Directors**

Reports to the Board of Directors will be made on an exceptional circumstance basis only.

#### 16.6.8 **List of approved firms**

##### **(i) Responsibility for maintaining list**

A manager nominated by the Chief Executive shall on behalf of the Trust maintain lists of approved firms from who tenders and quotations may be invited. These shall be kept under frequent review. The lists shall include all firms who have applied for permission to tender and as to whose technical and financial competence the Trust is satisfied. All suppliers must be made aware of the Trust's terms and conditions of contract.

##### **(ii) Building and engineering construction works**

- (a) Invitations to tender shall be made only to firms included on the approved list of tenderers compiled in accordance with this Instruction or on the separate maintenance lists compiled in accordance with Estmancode guidance (Health Notice HN(78)147).
- (b) Firms included on the approved list of tenderers shall ensure that when engaging, training, promoting or dismissing employees or in any conditions of employment, shall not discriminate against any person because of colour, race, ethnic or national origins, religion or sex, and will comply with the provisions of the Equal Pay Act 1970, the Sex Discrimination Act 1975, the Race Relations Act 1976, and the Disabled Persons (Employment) Act 1944 and any amending and/or related legislation.
- (c) Firms shall conform at least with the requirements of the Health and Safety at Work Act and any amending and/or other related legislation concerned with the health, safety and welfare of workers and other persons, and to any relevant British Standard Code of Practice issued by the British Standard Institution. Firms must provide to the appropriate manager a copy of its safety policy and evidence of the safety of plant and equipment, when requested.

**(ii) Financial standing and technical competence of contractors**

The Chief Financial Officer may make or institute any enquiries he deems appropriate concerning the financial standing and financial suitability of approved contractors. The Medical Director will similarly make such enquiries as is felt appropriate to be satisfied as to their technical / medical competence

**16.6.9 Exceptions to using approved contractors**

- (i) If in the opinion of the Chief Executive and the Chief Financial Officer or the Medical Director it is impractical to use a potential contractor from the list of approved firms/individuals (for example where specialist services or skills are required and there are insufficient suitable potential contractors on the list), or where a list for whatever reason has not been prepared, the Chief Executive should ensure that appropriate checks are carried out as to the technical and financial capability of those firms that are invited to tender or quote.
- (ii) An appropriate record in the contract file should be made of the reasons for inviting a tender or quote other than from an approved list

**16.7 Quotations: Competitive and non-competitive**

**16.7.1 General position on quotations**

Quotations are required where formal tendering procedures are not adopted and where the intended expenditure or income exceeds, or is reasonably expected to exceed £10,000 but not exceed £25,000. The Trust shall comply with EU procurement principles where contracts are to be awarded outside of a formal tendering process.

**16.7.2 Competitive Quotations**

- (i) Quotations should be obtained from at least two firms/individuals based on specifications or terms of reference prepared by, or on behalf of, the Trust.
- (ii) Quotations should be in writing utilizing the BravoSolution eTendering service unless the Chief Executive or his nominated employee determines that it is impractical to do so in which case quotations may be obtained by telephone. Confirmation of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record.
- (iii) All quotations should be treated as confidential and should be retained for inspection.
- (iv) The Chief Executive or his nominated employee should evaluate the quotation and select the quote which gives the best value for money. If this is not the lowest quotation if payment is to be made by the Trust, or the highest if payment is to be received by the Trust, then the choice made and the reasons why should be recorded in a permanent record.

**16.7.3 Non-competitive quotations**

Non-competitive quotations in writing may be obtained in the following circumstances:

- (i) the supply of proprietary or other goods of a special character and the rendering of services of a special character, for which it is not, in the opinion of the responsible employee, possible or desirable to obtain competitive quotations;
- (ii) the supply of goods or manufactured articles of any kind which are required quickly and are not obtainable under existing contracts;
- (iii) miscellaneous services, supplies and disposals;
- (iii) where the goods or services are for building and engineering maintenance the responsible works manager must certify that the first two conditions in (i) and (ii) above apply.

#### 16.7.4 Quotations to be within Financial Limits

No quotation shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with Standing Financial Instructions except with the authorisation of either the Chief Executive or Chief Financial Officer.

#### 16.8 Authorisation of Tenders and Competitive Quotations

Providing all the conditions and circumstances set out in these Standing Financial Instructions have been fully complied with, formal authorisation and awarding of a contract may be decided by the following staff to the value of the contract as follows:

Designated budget holders	up to	£25,000
Directors	up to	£100,000
Chief Executive	up to	£500,000
Board of Directors	over	£500,000

These levels of authorisation may be varied or changed and need to be read in conjunction with the Trust Board's Scheme of Delegation.

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

#### 16.9 Instances where formal competitive tendering or competitive quotation is not required

Where competitive tendering or a competitive quotation is not required the Trust should adopt one of the following alternatives:

- (i) the Trust shall use the NHS Logistics for procurement of all goods and services unless the Chief Executive or nominated employees deem it inappropriate. The decision to use alternative sources must be documented;
- (ii) If the Trust does not use the NHS Logistics - where tenders or quotations are not required, because expenditure is below £10,000 the Trust shall procure goods and services in accordance with procurement procedures approved by the Chief Financial Officer.

#### 16.10 Private finance for capital procurement

When considering a capital procurement, the Trust should normally market-test for PFI (Private Finance Initiative funding) unless the Chief Financial Officer considers it inappropriate to do so. When the Board of Directors proposes, or is required, to use finance provided by the private sector the following should apply:



- (i) the Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector;
- (ii) where the sum exceeds delegated limits, a business case must be referred to the appropriate department or agency for approval or be treated as per current guidelines;
- (iii) the proposal must be specifically agreed by the Board of Directors; and
- (iv) the selection of a contractor/finance company must be on the basis of competitive tendering or quotations.

#### 16.11 **Compliance requirements for all contracts**

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

- (i) the Trust's Standing Orders and Standing Financial Instructions;
- (ii) EU Directives and other statutory provisions;
- (iii) any relevant directions including the Capital Investment Manual, Estatecode and guidance on the Procurement and Management of Consultants; and
- (iv) such of the NHS Standard Contract Conditions as are applicable;

Contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance.

Where appropriate contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited.

In all contracts made by the Trust, the Board of Directors shall endeavour to obtain best value for money by use of all systems in place. The Chief Executive shall nominate an employee who shall oversee and manage each contract on behalf of the Trust.

#### 16.12 **Personnel and agency or temporary staff contracts**

The Chief Executive shall nominate officers with delegated authority to enter into contracts with employment agencies for the provision of staff. Where required by law, the Trust shall undertake a formal tender process to appointment such employment agencies.

#### 16.13 **Healthcare services agreements**

Service agreements with NHS providers for the supply of healthcare services shall be drawn up in accordance with the National Health Service Act 2006 and administered by the Trust. Service agreements are not contracts in law and therefore not enforceable by the courts (although disputes may be referred to the Secretary of State). However, a contract with a Foundation Trust, being a public benefit corporation, is a legal document and is enforceable in law.

The Chief Executive shall nominate employees to commission service agreements with providers of healthcare in line with a commissioning plan approved by the Board of Directors.

#### 16.14 **Disposals**

Competitive tendering or quotation procedures shall not apply to the disposal of:

- (i) any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the Chief Executive or his nominee;
- (ii) obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy of the Trust;
- (iii) items to be disposed of with an estimated sale value of less than £10,000 - this figure to be reviewed on a periodic basis;
- (iv) items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract; and
- (v) land or buildings concerning which Department of Health guidance has been issued but subject to compliance with such guidance.

#### **16.15 In-house services**

16.15.1 The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis. The Trust may also determine from time to time that in-house services should be market tested by competitive tendering or soft market testing.

16.15.2 In all cases where the Board of Directors determines that in-house services should be subject to competitive tendering the following groups shall be set up:

- (i) a specification group, comprising the Chief Executive or nominee and specialist(s);
- (ii) an in-house tender group, comprising a nominee of the Chief Executive and technical support; and
- (iii) an evaluation team, comprising normally a specialist employee, a supplies representative and a Chief Financial Officer representative. For services having a likely annual expenditure exceeding the levels set out in the Scheme of Delegation, a non-executive member of the Board of Directors should be a member of the evaluation team.

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

16.15.4 The evaluation team shall make recommendations to the Board of Directors.

16.15.5 The Chief Executive shall nominate an employee to oversee and manage the contract on behalf of the Trust.

16.16 Applicability of SFIs on tendering and contracting to funds held in trust  
These Instructions shall not only apply to expenditure from Exchequer funds but also to works, services and goods purchased from the Trust's trust funds and private resources.

## **17. NHS SERVICE AGREEMENTS FOR PROVISION OF SERVICES**

### **17.1 Service Level Agreements (SLAs)**

17.1.1 The Chief Executive, as the Accountable Officer, is responsible for ensuring the Trust enters into suitable Service Level Agreements (SLA) with service commissioners for the provision of NHS services.

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

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

## **17.2 Involving Partners and jointly managing risk**

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

## **17.3 Reports to Board on SLAs**

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

## **18. TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF OFFICERS OF THE TRUST BOARD AND EXECUTIVE COMMITTEE AND EMPLOYEES**

### **18.1 Appointments and Remuneration (see overlap with SO No. 4)**

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

18.1.2 The Nomination and Remuneration Committee's role is to appoint and, if necessary, dismiss the executive directors, establish and monitor the level and structure of total reward for executive directors, ensuring transparency, fairness and consistency. The terms of reference shall be set out in full in the Rules of Procedure.

18.1.3 The Committee shall receive reports from the Chairman of the Board of Directors on the annual appraisal of the Chief Executive, and from the Chief Executive on the annual appraisals of executive directors, as part of determining their remuneration.

18.1.4 The Trust will pay allowances to the Chairman and non-executive members of the Board of Directors in accordance with instructions issued by the Secretary of State for Health.

### **18.2 Funded Establishment**

- 18.2.1 The workforce plans incorporated within the annual budget will form the funded establishment.
- 18.2.2 The funded establishment of any department may not be varied without the approval of the Chief Executive.

### **18.3 Staff Appointments**

- 18.3.1 No Officer of the Trust Board or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration:
- (a) unless authorised to do so by the Chief Executive;
  - (b) within the limit of their approved budget and funded establishment.
- 18.3.2 The Board will approve procedures presented by the Chief Executive for the determination of commencing pay rates, condition of service, etc., for employees.

### **18.4 Processing Payroll**

- 18.4.1 The Chief Financial Officer is responsible for:
- (a) specifying timetables for submission of properly authorised time records and other notifications;
  - (b) the final determination of pay and allowances;
  - (c) making payment on agreed dates;
  - (d) agreeing method of payment.
- 18.4.2 The Chief Financial Officer will issue instructions regarding:
- (a) verification and documentation of data;
  - (b) the timetable for receipt and preparation of payroll data and the payment of employees and allowances;
  - (c) maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
  - (d) security and confidentiality of payroll information;
  - (e) checks to be applied to completed payroll before and after payment;
  - (f) authority to release payroll data under the provisions of the Data Protection Act;
  - (g) methods of payment available to various categories of employee and officers;
  - (h) procedures for payment by cheque, bank credit, or cash to employees and officers;
  - (i) procedures for the recall of cheques and bank credits;
  - (j) pay advances and their recovery;
  - (k) maintenance of regular and independent reconciliation of pay control accounts;
  - (l) separation of duties of preparing records and handling cash;

- (m) a system to ensure the recovery from those leaving the employment of the Trust of sums of money and property due by them to the Trust.

18.4.3 Appropriately nominated managers have delegated responsibility for:

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

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

## **18.5 Contracts of Employment**

18.5.1 The Board shall delegate responsibility to an Officer for:

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

## **19. NON-PAY EXPENDITURE**

### **19.1 Delegation of Authority**

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

19.1.2 The Chief Executive will set out:

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

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

### **19.2 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services (see overlap with Standing Financial Instruction No. 9)**

#### **19.2.1 Requisitioning**

The requisitioner, in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the Trust in line with the Procurement Strategy and Code

### 19.2.2 System of Payment and Payment Verification

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

### 19.2.3 The Chief Financial Officer will:

- (a) advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in Standing Orders and Standing Financial Instructions and regularly reviewed;
- (b) prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds;
- (c) be responsible for the prompt payment of all properly authorised accounts and claims;
- (d) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
  - (i) A list of Board employees (including specimens of their signatures) authorised to certify invoices.
  - (ii) Certification that:
    - goods have been duly received, examined and are in accordance with specification and the prices are correct;
    - work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
    - in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;
    - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
    - the account is arithmetically correct;
    - the account is in order for payment.
  - (iii) A timetable and system for submission to the Chief Financial Officer accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment.
  - (iv) Instructions to employees regarding the handling and payment of accounts within the Finance Department.

- (e) be responsible for ensuring that payment for goods and services is only made once the goods and services are received. The only exceptions are set out in SFI No. 21.2.4 below.

#### 19.2.4 Prepayments

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

- (a) Prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to NPV using the National Loans Fund (NLF) rate plus 2%).
- (b) The appropriate officer must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the Trust if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments;
- (c) The Chief Financial Officer will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold);
- (d) The Budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate Director or Chief Executive if problems are encountered.

#### 19.2.5 Official orders

Official Orders must:

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

#### 19.2.6 Duties of Managers and Officers

Managers and officers must ensure that they comply fully with the Procurement Strategy and Code and limits specified by Board and that:

- (a) all contracts (except as otherwise provided for in the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Director of Finance in advance of any commitment being made;
- (b) contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement;
- (c) where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health;
- (d) no order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to directors or employees, other than:
  - (i) isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;
  - (ii) conventional hospitality, such as lunches in the course of working visits;

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

- (e) no requisition/order is placed for any item or items for which there is no Budget provision unless authorised by the Chief Financial Officer on behalf of the Chief Executive;
- (f) all goods, services, or works are ordered on an official order except works and services executed in accordance with a contract and purchases from petty cash;
- (g) verbal orders must only be issued very exceptionally - by an employee designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "Confirmation Order";
- (h) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- (i) goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;
- (j) changes to the list of employees and Officers authorised to certify invoices are notified to the Chief Financial Officer;
- (k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Chief Financial Officer;
- (l) petty cash records are maintained in a form as determined by the Chief Financial Officer.

19.2.7 The Chief Executive and Chief Financial Officer shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within CONCODE and ESTATECODE. The technical audit of these contracts shall be the responsibility of the relevant Director.

19.3 Joint Finance Arrangements with Local Authorities and Voluntary Bodies

Payments made pursuant to joint working arrangements entered into in accordance with s75 of the NHS Act 2006 shall comply with procedures laid down by the Chief Financial Officer.

## **20. EXTERNAL BORROWING**

20.1.1 The Chief Financial Officer will advise the Board concerning the Trust's ability to pay dividend on, and repay Public Dividend Capital and any proposed new borrowing, within the limits set by the Department of Health. The Chief Financial Officer is also responsible for reporting periodically to the Board concerning the PDC debt and all loans and overdrafts.

20.1.2 The Board will agree the list of employees (including specimens of their signatures) who are authorised to make short term borrowings on behalf of the Trust. This must contain the Chief Executive and the Chief Financial Officer.

20.1.3 The Chief Financial Officer must prepare detailed procedural instructions concerning applications for loans and overdrafts.

20.1.4 All short-term borrowings should be kept to the minimum period of time possible, consistent with the overall cash flow position, represent good value for money, and comply with the latest guidance from the Department of Health.



20.1.5 Any short-term borrowing must be with the authority of two members of an authorised panel, one of which must be the Chief Executive or the Chief Financial Officer. The Board must be made aware of all short term borrowings at the next Board meeting.

20.1.6 All long-term borrowing must be consistent with the plans outlined in the current Service Delivery Plan and be approved by the Trust Board.

## **20.2 Investments**

20.2.1 Cash surpluses must be held only in such public or private sector investments as authorised by the Board.

20.2.2 The Director of Finance is responsible for advising the Board on investments and shall report periodically to the Board concerning the performance of investments held.

20.2.3 The Director of Finance will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

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

### **21.1 Capital Investment**

#### **21.1.1 The Chief Executive:**

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

#### **21.1.2 For every capital expenditure proposal the Chief Executive shall ensure:**

- (a) that a business case (in line with the guidance contained within the Capital Investment Manual) is produced setting out:
  - (i) an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
  - (ii) the involvement of appropriate Trust personnel and external agencies;
  - (iii) appropriate project management and control arrangements;
- (b) that the Director of Finance has certified professionally to the costs and revenue consequences detailed in the business case.

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

21.1.4 The Chief Financial Officer shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with Inland Revenue guidance.

21.1.5 The Chief Financial Officer shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.

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

The Chief Executive shall issue to the manager responsible for any scheme:

- (a) specific authority to commit expenditure;
- (b) authority to proceed to tender ( see overlap with SFI No. 9.6);
- (c) approval to accept a successful tender (see overlap with SFI No. 9.6).

The Chief Executive will issue a scheme of delegation for capital investment management in accordance with "ESTATECODE" guidance and the Trust's Standing Orders.

21.1.7 The Chief Financial Officer shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes. These procedures shall fully take into account the delegated limits for capital schemes issued by the Department of Health. .

21.2 Private Finance (see overlap with SFI No. 9.10)

21.2.1 When considering a capital procurement, the Trust should market-test for PFI (Private Finance Initiative funding) unless the Director of Finance considers it inappropriate to do so. When the Trust proposes to use finance which is to be provided other than through its Allocations, the following procedures shall apply:

- (a) The Chief Financial Officer shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
- (b) Where the sum involved exceeds delegated limits, the business case must be referred to the Department of Health or in line with any current guidelines.
- (c) The proposal must be specifically agreed by the Board.

### **21.3 Asset Registers**

21.3.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Chief Financial Officer concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted once a year.

21.3.2 Each Trust shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be as specified by accounting standards.

21.3.3 Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:

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

- 21.3.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).
- 21.3.5 The Chief Financial Officer shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 21.3.6 The value of each asset shall be indexed to current values in accordance with methods specified in the Capital Accounting Manual issued by the Department of Health.
- 21.3.7 The value of each asset shall be depreciated using methods and rates as specified by accounting standards.
- 21.3.8 The Chief Financial Officer of the Trust shall calculate and pay capital charges.

## 21.4 **Security of Assets**

- 21.4.1 The overall control of fixed assets is the responsibility of the Chief Executive.
- 21.4.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Chief Financial Officer. This procedure shall make provision for:
- (a) recording managerial responsibility for each asset;
  - (b) identification of additions and disposals;
  - (c) identification of all repairs and maintenance expenses;
  - (d) physical security of assets;
  - (e) periodic verification of the existence of, condition of, and title to, assets recorded;
  - (f) identification and reporting of all costs associated with the retention of an asset;
  - (g) reporting, recording and safekeeping of cash, cheques, and negotiable instruments.
- 21.4.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Chief Financial Officer.
- 21.4.4 Whilst each employee and officer has a responsibility for the security of property of the Trust, it is the responsibility of Board members and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the Board. Any breach of agreed security practices must be reported in accordance with agreed procedures.
- 21.4.5 Any damage to the Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by Board members and employees in accordance with the procedure for reporting losses.
- 21.4.6 Where practical, assets should be marked as Trust property.

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

### 22.1 General position

- 22.1.1 Stores, defined in terms of controlled stores and departmental stores (for immediate use) should be:
- (a) kept to a minimum;

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

## **22.2 Control of Stores, Stocktaking, condemnations and disposal**

- 22.2.1 Subject to the responsibility of the Chief Financial Officer for the systems of control, overall responsibility for the control of stores shall be delegated to an employee by the Chief Executive. The day-to-day responsibility may be delegated by him to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the Chief Financial Officer. The control of any Pharmaceutical stocks shall be the responsibility of a designated Pharmaceutical Officer; the control of any fuel oil and coal of a designated estates manager.
- 22.2.2 The responsibility for security arrangements and the custody of keys for any stores and locations shall be clearly defined in writing by the designated manager/Pharmaceutical Officer. Wherever practicable, stocks should be marked as health service property.
- 22.2.3 The Chief Financial Officer shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.
- 22.2.4 Stocktaking arrangements shall be agreed with the Chief Financial Officer and there shall be a physical check covering all items in store at least once a year.
- 22.2.5 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Chief Financial Officer.
- 22.2.6 The designated Manager/Pharmaceutical Officer shall be responsible for a system approved by the Chief Financial Officer for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Chief Financial Officer any evidence of significant overstocking and of any negligence or malpractice (see also overlap with SFI No. 25 Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

## **22.3 Goods supplied by NHS Supply Chain**

- 22.3.1 For goods supplied via the NHS Supply Chain, the Chief Executive shall identify those authorised to requisition and accept goods from the store. The authorised person shall check receipt against the delivery note before forwarding this to the Chief Financial Officer who shall satisfy him/herself that the goods have been received before accepting the recharge.

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

### **23.1 Disposals and Condemnations**

- 23.1.1 Procedures: Chief Financial Officer must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers.
- 23.1.2 When it is decided to dispose of a Trust asset, the Head of Department or authorised deputy will determine and advise the Chief Financial Officer of the estimated market value of the item, taking account of professional advice where appropriate.
- 23.1.3 All unserviceable articles shall be:
  - (a) condemned or otherwise disposed of by an employee authorised for that purpose by the Chief Financial Officer;

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

23.1.4 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 Chief Financial Officer who will take the appropriate action.

## **23.2 Losses and Special Payments**

23.2.1 Procedures: Chief Financial Officer must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments.

23.2.2 Any employee or Officer discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately inform the Chief Executive and the Chief Financial Officer or inform an Officer charged with responsibility for responding to concerns involving loss. This Officer will then appropriately inform the Chief Financial Officer and/or Chief Executive. Where a criminal offence is suspected, the Chief Financial Officer must immediately inform the police if theft or arson is involved. In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the Chief Financial Officer must inform the relevant Local Counter Fraud Specialist (LCFS) and NHS Protect.

The Chief Financial Officer must notify the Counter Fraud and Security Management Services (CFSMS) and the External Auditor of all frauds.

23.2.3 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Chief Financial Officer must immediately notify:

- (a) the Board,
- (b) the External Auditor.

23.2.4 Within limits delegated to it by the Department of Health, the Board shall approve the writing-off of losses.

23.2.5 The Chief Financial Officer shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.

23.2.6 For any loss, the Chief Financial Officer should consider whether any insurance claim can be made.

23.2.7 The Chief Financial Officer shall maintain a Losses and Special Payments Register in which write-off action is recorded.

23.2.8 No special payments exceeding delegated limits shall be made without the prior approval of the Department of Health.

23.2.9 All losses and special payments must be reported to the Audit Committee at every meeting.

## **24. INFORMATION TECHNOLOGY**

24.1 Responsibilities and duties of the Director of Health Informatics

24.1.1 The Director of Health Informatics, who is responsible for the accuracy and security of the computerised financial data of the Trust, shall:

- (a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Trust's data, programs and computer hardware for which the Director is responsible from accidental or intentional disclosure to unauthorised

persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998;

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

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

24.1.3 The Director of Corporate Affairs shall publish and maintain a Freedom of Information (FOI) Publication Scheme, or adopt a model Publication Scheme approved by the information Commissioner. A Publication Scheme is a complete guide to the information routinely published by a public authority. It describes the classes or types of information about our Trust that we make publicly available.

24.2 Responsibilities and duties of other Directors and Officers in relation to computer systems of a general application

24.2.1 In the case of computer systems which are proposed General Applications (i.e. normally those applications which the majority of Trust's in the Region wish to sponsor jointly) all responsible directors and employees will send to the Director of Finance:

- (a) details of the outline design of the system;
- (b) in the case of packages acquired either from a commercial organisation, from the NHS, or from another public sector organisation, the operational requirement.

24.3 Contracts for computer services with other health bodies or outside agencies

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

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

#### **24.4 Risk Assessment**

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

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

- 24.5.1 Where computer systems have an impact on corporate financial systems the Chief Financial Officer shall need to be satisfied that:
- (a) systems acquisition, development and maintenance are in line with corporate policies such as an Information Technology Strategy;
  - (b) data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists;
  - (c) Chief Financial Officer staff have access to such data;
  - (d) such computer audit reviews as are considered necessary are being carried out.

## **25. PATIENTS' PROPERTY**

- 25.1 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.
- 25.2 The Trust will comply with guidance issued by NHS Protect as to the secure management of patients' property.
- 25.3 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; (notices are subject to sensitivity guidance)
  - hospital admission documentation and property records;
  - the oral advice of administrative and nursing staff responsible for admissions,
- that the Trust will not accept responsibility or liability for patients' property brought into Health Service premises, unless it is handed in for safe custody and a copy of an official patients' property record is obtained as a receipt.
- 25.4 The Chief Financial Officer must provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients' property (including instructions on the disposal of the property of deceased patients and of patients transferred to other premises) for all staff whose duty is to administer, in any way, the property of patients. Due care should be exercised in the management of a patient's money in order to maximise the benefits to the patient.
- 25.5 Where Department of Health instructions require the opening of separate accounts for patients' moneys, these shall be opened and operated under arrangements agreed by the Chief Financial Officer.
- 25.6 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.
- 25.7 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.
- 25.8 Where patients' property or income is received for specific purposes and held for safekeeping the property or income shall be used only for that purpose, unless any variation is approved by the donor or patient in writing.

## **26. FUNDS HELD ON TRUST**

### **26.1 Corporate Trustee**

- 26.1.1 Standing Order No. 2.7 outlines the Trust's responsibilities as a corporate trustee for the management of funds it holds on trust, along with SO 4.8.3 that defines the need for compliance with Charities Commission latest guidance and best practice.
- 26.1.2 The discharge of the Trust's corporate trustee responsibilities are distinct from its responsibilities for exchequer funds and may not necessarily be discharged in the same manner, but there must still be adherence to the overriding general principles of financial regularity, prudence and propriety. Trustee responsibilities cover both charitable and non-charitable purposes.
- 26.1.3 The Chief Financial Officer shall ensure that each trust fund which the Trust is responsible for managing is managed appropriately with regard to its purpose and to its requirements.

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

- 26.2.1 The trustee responsibilities must be discharged separately and full recognition given to the Trust's dual accountabilities to the Charity Commission for charitable funds held on trust and to the Secretary of State for all funds held on trust.
- 26.2.2 The Schedule of Matters Reserved to the Board and the Scheme of Delegation make clear where decisions regarding the exercise of discretion regarding the disposal and use of the funds are to be taken and by whom. All Trust Board members and Trust officers must take account of that guidance before taking action.

### **26.3 Applicability of Standing Financial Instructions to funds held on Trust**

- 26.3.1 In so far as it is possible to do so, most of the sections of these Standing Financial Instructions will apply to the management of funds held on trust. (See overlap with SFI No 9.16).
- 26.3.2 The over-riding principle is that the integrity of each Trust must be maintained and statutory and Trust obligations met. Materiality must be assessed separately from Exchequer activities and funds.

## **27. ACCEPTANCE OF GIFTS BY STAFF AND LINK TO STANDARDS OF BUSINESS CONDUCT**

- 27.1 The Chief Financial Officer shall ensure that all staff are made aware of the Trust policy on acceptance of gifts and other benefits in kind by staff. This policy follows the guidance contained in the Department of Health circular HSG (93) 5 'Standards of Business Conduct for NHS Staff' and is also deemed to be an integral part of these Standing Financial Instructions.

## **28. RETENTION OF RECORDS**

- 28.1 The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with Department of Health guidelines.
- 28.2 The records held in archives shall be capable of retrieval by authorised persons.
- 28.3 Records held in accordance with latest Department of Health guidance shall only be destroyed at the express instigation of the Chief Executive. Detail shall be maintained of records so destroyed.

## **29. RISK MANAGEMENT AND INSURANCE**



## **29.1 Programme of Risk Management**

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

29.1.2 The programme of risk management shall include:

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

29.1.3 These matters shall be defined in more detail in the Risk Management Strategy. The existence, integration and evaluation of the above elements will assist in providing a basis for the Annual Governance Statement within the Annual Report and Accounts as required by current Department of Health guidance.

## **29.2 Insurance: Risk Pooling Schemes administered by NHSLA**

29.2.1 The Board shall decide if the Trust will insure through the risk pooling schemes administered by the NHS Litigation Authority or self-insure for some or all of the risks covered by the risk pooling schemes. If the Board decides not to use the risk pooling schemes for any of the risk areas (clinical, property and employers/third party liability) covered by the scheme this decision shall be reviewed annually.

## **29.3 Arrangements to be followed by the Board in agreeing Insurance cover**

29.3.1 Where the Board decides to use the risk pooling schemes administered by the NHS Litigation Authority the Chief Financial Officer shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Chief Financial Officer shall ensure that documented procedures cover these arrangements.

29.3.2 Where the Board decides not to use the risk pooling schemes administered by the NHS Litigation Authority for one or other of the risks covered by the schemes, the Director of Finance shall ensure that the Board is informed of the nature and extent of the risks that are self-insured as a result of this decision. The Chief Financial Officer will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses which will not be reimbursed.

29.3.3 All the risk pooling schemes require scheme members to make some contribution to the settlement of claims (the 'deductible'). The Chief Financial Officer should ensure documented procedures also cover the management of claims and payments below the deductible in each case.