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| STANDING FINANCIAL INSTRUCTIONS for the University Hospitals of Northamptonshire NHS Group comprising Kettering General Hospital NHS Foundation Trust and  Northampton General Hospital NHS Trust |

Approved by Integrated Leadership Team: 17 March 2025

Approved by Audit Committees: 31 March 2025

Approved by Boards of Directors: 4 April 2025

Next Review date: March 2026

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| **VERSION HISTORY** |  |
| **Date approved** | **Brief summary of changes** |
| 4 April 2025 | Full redraft, aligning KGH and NGH SFIs into a single document (further details in cover papers to ILT and Committees) |

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# 

# 1. INTRODUCTION

## 1.1 General

* + 1. The Code of Conduct and Accountability in the NHS issued by the Department of Health requires that each NHS organisation shall give, and may vary or revoke, Standing Financial Instructions for the regulation of the conduct of its members and officers in relation to all financial matters with which they are concerned. These Standing Financial Instructions (SFIs) are issued in accordance with the Code. They shall have effect as if incorporated in the Standing Orders (SOs) of the Trusts.
    2. These SFIs detail the financial responsibilities, policies and procedures to be adopted by the Trusts. They are designed to ensure that their financial transactions are carried out in accordance with the law and Government policy to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Matters Reserved to the Boards of Directors and the Schemes of Delegation adopted by the Trusts.
    3. These SFIs identify the financial responsibilities, which apply to everyone working for the Trusts and its hosted organisations including Trading Units. They do not provide detailed procedural advice. These statements should therefore be read in conjunction with the detailed departmental and financial policies and procedures.
    4. Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of the Chief Finance Officer must be sought before acting. The user of these SFIs should also be familiar with and comply with the provisions of the Trusts’ Standing Orders and Scheme of Delegation.
    5. **FAILURE TO COMPLY WITH STANDING FINANCIAL INSTRUCTIONS AND STANDING ORDERS IS A DISCIPLINARY MATTER, WHICH COULD RESULT IN DISMISSAL.**
    6. **Any member of staff who believes a breach of Standing Financial Instructions or Standing orders has occurred should inform the Chief Finance Officer immediately.**
    7. 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 Committees for referring action or ratification. All members of the Boards of Directors and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Chief Finance Officer as soon as possible.
    8. All references within this document to the Chief Executive are to the Accounting/Accountable Officer and UHN Chief Executive; as such, specific powers and duties within this document may be exercised by either postholder, except where reserved to the Accounting/Accountable Officer by statute or the KGH Constitution or NGH Standing Orders.
    9. If NHS or Department of Health Guidance, or primary or secondary legislation, overrules these SFI’s this will not be regarded as a breach of the SFI’s.

## Termin**ology**

* + 1. Any expression to which a meaning is given in Health Service Acts, or in the Financial Directions made under the Acts, shall have the same meaning in these instructions; and

**"Accountable Officer"** means the NHS officer responsible and accountable for funds entrusted to the Northampton General Hospital NHS Trust (NGH). They shall be responsible for ensuring the proper stewardship of public funds and assets. For NGH it shall be the UHN/UHL Chief Executive.

**"Accounting Officer"** shall be the Officer responsible and accountable for funds entrusted to the Kettering General Hospital NHS Foundation Trust (KGH) in accordance with the NHS Trusts Accounting Officer Memorandum. They shall be responsible for ensuring the proper stewardship of public funds and assets. The Health and Social Care (Community Health and Standards) Act 2003 designates the Chief Executive of the NHS Trusts as the Accounting Officer (Chief Executive, UHN/UHL).

**“Audit Committees”** means the committees of the Boards whose responsibilities are to provide assurance to the Boards that effective risk management, internal control and governance processes are maintained and that the Trusts’ activities comply with the law, guidance and codes of conduct governing the NHS. The committees provide a formal independent mechanism for ensuring a co-ordinated approach for achieving sound financial and managerial control.

**“Authorisation”** means an authorisation given by NHS England.

**“Board/Boards of Directors”** means the Chair, officer (executive) and non-officer (non-executive) members of the Trusts’ Boards collectively as a body.

**"Budget"** means a resource, expressed in financial or manpower terms, proposed by the Boards for the purpose of carrying out, for a specific period, any or all of the functions of the Trusts

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

**“Budget Manager”** means the officer who has daily operational responsibility for the management of the budget

**"Chief Executive"** means the Accounting/Accounting Officer of the Trusts, and UHN Chief Executive Officer, in accordance with the provisions at Section 1.1.9 of this document.

**"Chief Finance Officer"** means the Chief Finance Officer of the Trusts.

**“Code of Conduct of Accountability in the NHS”** describes the three crucial public service values (Accountability, Probity and Openness), which must underpin the work of the health service.

**“Constitution”** The constitution of the KGH Foundation Trust which describes the type of organisation, its primary purpose, governance arrangements and membership.

**"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.

**“Council of Governors”** means the KGH Council of Governors as constituted in the constitution, which has the same meaning as the board of governors in the 2003 Act;

**“Director”** means a member of the Boards of Directors;

**“Establishment Order”** shall mean the Northampton General Hospital NHS Trust (the Trust) is a statutory body which came into existence on 01 April 1994 under the Northampton General Hospital National Health Service Trust (Establishment) Order 1993 No 2561.

**“Executive Director**" means a Director who is an officer and member of the Boards of Directors.

**“Financial Year”** means: a period beginning with the date on which the Trusts are authorised and ending with the next 31 March; and each successive period of twelve months beginning with 1 April.

**"Funds held on Trust"** shall mean those funds which the Trusts hold at its date of incorporation, receives on distribution by statutory instrument, or chooses subsequently to accept under powers derived under Sch 2 Part para 16.1c NHS and Community Care Act 1990. Such funds may or may not be charitable.

**“KGH”** means the Kettering General Hospital NHS Foundation Trust,

**“NGH”** means the Northampton General Hospital NHS Trust,

**“NHS England”** means the independent regulator for the purposes of Part 1 of the 2003 Act,

**"Non-Executive Director"** means a Director who is not an officer of the Trusts and is not to be treated as an officer by virtue of the KGH Constitution or NGH Standing Orders.

**"Officer"** means an employee of the Trusts.

**“Property”** is land and buildings owned or leased by the Trusts

**“Secretary”** means a person appointed to act independently of the Board of Directors to provide advice on corporate governance issues to the Board of Directors and the Chairman and monitor the Trust’s compliance with the law, Standing Orders, and NHS England/ Department of Health guidance.

**“Standing Financial Instructions”** (SFIs) regulate the conduct of the Trusts’ financial matters

**“Standing Orders” (SOs)** regulate the business conduct of the Trusts

**"Terms of Authorisation"** means the authorisation document issued by NHS England conferring Foundation Trust status on KGH.

"**Trusts**" means Kettering General Hospital NHS Foundation Trust (KGH) and Northampton General Hospital NHS Trust (NGH);

"**Trusts’ Contracts**" means the legally binding contracts established between the Trusts and every commissioner for which the Trusts provide patient and other services

**“UHN”** means the University Hospitals of Northamptonshire NHS Group

## Responsibilities and Delegation

*Boards of Directors*

* + 1. Annually the Boards are required to publish Annual Governance Statements which set out how the Trusts’ systems of internal control have been maintained and developed to support policies, aims and objectives. The Boards of Directors exercise financial supervision and control by:

1. formulating the financial strategy;
2. requiring the submission and approval of budgets within overall income;
3. defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money) and by ensuring appropriate audit provision; and
4. defining specific responsibilities placed on directors and employees as indicated in the UHN Scheme of Delegation document
   * 1. The Boards of Directors have resolved that certain powers and decisions may only be exercised by them in formal session. These are set out in the “Reservation of Matters to the Boards of Directors” document, published within the Schemes of Delegation. The Boards of Directors will delegate responsibility for the performance of their functions in accordance with the adopted Schemes of Delegation.

*Chief Executive Officer (Accounting and Accountable Officer)*

* + 1. Within the SFIs, it is acknowledged that the Chief Executive is ultimately accountable to the Boards of Directors, and as the accountable and accounting officer for ensuring that the Boards of Directors meet their obligations to perform functions within the available financial resources. The Chief Executive has overall executive responsibility for the Trusts’ activities, is responsible to the Boards of Directors for ensuring that its financial obligations and targets are met and has overall responsibility for the Trusts’ systems of internal control.
    2. The Chief Executive and Chief Finance Officer will, as far as possible, delegate their detailed responsibilities but they remain accountable for financial control.
    3. It is a duty of the Chief Executive to ensure that Members of the Boards and, employees and all new appointees are notified of, and put in a position to understand their responsibilities within these SFIs.

*Chief Finance Officer*

* + 1. The Chief Finance Officer is responsible for:

1. These SFIs and for keeping them appropriate and up to date
2. Implementing the Trusts’ financial policies and for co-ordinating any corrective action necessary to further these policies
3. 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;
4. Ensuring that sufficient records are maintained to show and explain the Trusts’ transactions, in order to disclose, with reasonable accuracy, the financial position of the Trusts at any time;
5. Providing training on these SFIs and promoting awareness of them
6. Without prejudice to any other functions of directors and employees to the Trusts, the duties of the Chief Finance Officer include:
   1. the provision of financial advice to other members of the Boards of Directors, KGH Council of Governors and employees;
   2. the design, implementation and supervision of systems of internal financial control; and
   3. the preparation and maintenance of such accounts, certificates, estimates, records and financial reports as the Trusts may require for the purpose of carrying out its statutory duties.
7. ensuring there are arrangements to review, evaluate and report on the effectiveness of internal control including the establishment of an effective internal audit function and the coordination of other assurance arrangements;
8. ensuring that the internal audit is adequate and meets the NHS mandatory audit standards;
9. in conjunction with the Chief Executive, deciding at what stage to involve the police in cases of fraud, misappropriation, and other irregularities not involving fraud or corruption;
10. ensuring that annual internal audit reports are prepared for the consideration of the Audit Committees. The reports must cover:
11. a clear statement on the effectiveness of internal controls in accordance with current guidance issued by the Department of Health,
12. major internal financial control weaknesses discovered,
13. progress on the implementation of internal audit recommendations,
14. progress against plan over the previous year,
15. strategic audit plan,
16. a detailed plan for the coming year.
    * 1. The Chief Finance Officer or designated auditors are entitled without necessarily giving prior notice to require and receive:
17. access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
18. access at all reasonable times to any land, premises, members of the Boards of Directors and KGH Council of Governors or employee of the Trusts;
19. the production of any cash, stores or other property of the Trusts under a member of the Boards of Directors or employee's control; and
20. explanations concerning any matter under investigation.
    * 1. When temporarily unavailable, due to illness or other cause, or during periods of annual leave, the Deputy Chief Finance Officer will oversee and manage the work and functions of the Finance Departments, and will be able to give advice and guidance commensurate with their existing level of responsibility.
      2. If it becomes clear to the Chief Executive that the Chief Finance Officer is so incapacitated that they will be unable to discharge their duties and responsibilities over a period of four weeks or more, then the Chief Executive should make appropriate interim or temporary arrangements to ensure an Acting Chief Finance Officer is in post. This will be pending the Chief Finance Officer’s return. The same applies if the Chief Finance Officer is likely to be absent for any other reason for four weeks or more, or under circumstances such as resignation, dismissal or death.

*All directors and employees*

* + 1. All directors and employees, severally and collectively, are responsible for:

1. The security of the property of the Trusts.
2. Avoiding loss;
3. Exercising economy and efficiency in the use of resources; and
4. Conforming to the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and the Schemes of Delegation.
   * 1. Any contractor or employee of a contractor who is empowered by the Trusts to commit the Trusts 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.
     2. For any and all directors and employees who carry out a financial function, the form in which financial records are kept and the manner in which directors and employees discharge their duties must be to the satisfaction of the Chief Finance Officer.

# 2. AUDIT

## Audit Committee

* + 1. In accordance with Standing Orders the Boards of Directors shall formally establish Audit Committees comprised of three non-executive directors. The Audit Committees have responsibility for overseeing the Trusts’ governance and assurance process, including finance, and for preparing the Annual Reports, the Annual Accounts and the Annual Governance Statements for Boards’ approval.
    2. The Committees’ detailed duties, powers and responsibilities are set out within Terms of Reference, agreed and reviewed by the Boards of Directors. They should include:

1. Overseeing internal and external audit and Local Counter Fraud (Anti-Crime) services.
2. Reviewing financial information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgements;
3. Reviewing the establishment and maintenance of an effective system of governance, risk management and internal control, across the whole of the organisation’s activities (both clinical and non-clinical), that supports the achievement of the organisation’s objectives.
4. Monitoring compliance with Standing Orders and Standing Financial Instructions;
5. Reviewing schedules of losses and compensations and making recommendations to the Boards;
6. Reviewing schedules of debtors/creditors balances above agreed levels, including explanations/actions plans;
7. Reviewing the arrangements in place to support the Assurance Framework process prepared on behalf of the Boards and advising the Boards accordingly.
8. Reporting to the Boards of Directors, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.
9. Reviewing schedules of contracts where the Chief Executive or Chief Finance Officer has waived the procurement procedures.
   * 1. Where the Audit Committees consider there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committees wish to raise, the Chair of the Audit Committees should raise the matter at a full meeting of the Boards.

## Fraud and Corruption

* + 1. The Trusts shall take all necessary steps to counter fraud affecting NHS funded services in accordance with Clause 47 of the “Trusts Agency Purchase Contract” (FTAPC) and in accordance with;

1. The NHS Fraud and Corruption Manual published by NHS Counter Fraud Authority;
2. the policy statement “Applying appropriate sanctions consistently” published by NHS Counter Fraud Authority;
3. any other reasonable guidance or advice issued by NHS Counter Fraud Authority that affects efficiency, systemic and/or procedural matters.
   * 1. **Fraud -** any person who dishonestly makes a false representation to make a gain for himself or another or dishonestly fails to disclose to another person, information which he is under a legal duty to disclose, or commits fraud by abuse of position, including any offence as defined in the Fraud Act 2006.
     2. **Bribery** – A bribe is offering, promising, or giving a financial, or otherwise, advantage to another person with the intention of bringing about improper performance or reward. The Bribery Act also states that a person is guilty of an offence if they request, agree to receive, or accept a financial or other advantage intending that a relevant function or activity should be performed improperly by them or another. It further states that offering or agreeing to accept a bribe is an offence even if no money or goods have been exchanged.
     3. **The Bribery Act 2010:**The Bribery Act 2010 covers the offences of offering and or receiving a bribe and introduced specific responsibility on organisations to have in place sufficient and adequate procedures to prevent bribery and corruption taking place. Under the Act, bribery is defined as “Inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other privileges". Corruption is broadly defined as “The offering or the acceptance of inducements, gifts, favours payments or benefit in kind which may influence the improper action of any person”; corruption does not always result in a loss. The corrupt person may not benefit directly from their deeds; however, they may be unreasonably using their position to give some advantage to another. The Chief Executive and Chief Finance Officer shall monitor and ensure compliance with the above.
     4. **The Criminal Finances Act 2017** reinforces the tax evasion rules relating to IR35 and makes relevant bodies criminally liable where they fail to prevent facilitating tax evasion. The Chief Executive and Chief Finance Officer shall monitor and ensure compliance with the above.
     5. The Trusts shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist as specified by the Department of Health Fraud and Corruption Manual and guidance.
     6. The Local Counter Fraud Specialist shall report to the Trusts’ Chief Finance Officer and shall work with the staff in the NHS Counter Fraud Authority in accordance with the Department of Health Fraud and Corruption Manual.
     7. For all instances of fraud and bribery employees should contact the Local Counter Fraud Specialist (LCFS) or the Chief Finance Officer. Any suspicion of fraud or bribery received directly by the Chief Finance Officer will be referred to the LCFS for further action.
     8. The Trusts’ Modern Slavery Act statement is available on websites; its sets out steps the organisations take to ensure that slavery and human trafficking is not taking place within the Trusts or their supply chains:

[UHN Modern Slavery Act Statement (link)](https://www.kgh.nhs.uk/download/transparency-in-supply-chains-modern-slavery-act-statement.pdf?ver=7603)

## 2.3

## Role of Internal Audit

2.4.1 Internal Audit support the delivery of the Trusts’ objectives and will review, appraise and report upon:

1. the extent of compliance with, and the financial effect of, relevant established policies, plans and procedures;
2. the adequacy and application of financial and other related management controls;
3. the suitability of financial and other related management data;
4. the extent to which the Trusts’ assets and interests are accounted for and safeguarded from loss of any kind, arising from:
5. fraud and other offences,
6. waste, extravagance, inefficient administration,
7. poor value for money or other causes.
   * 1. Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores, or other property or any suspected irregularity in the exercise of any function of a pecuniary nature, the Chief Finance Officer must be notified immediately.
     2. The Head of Internal Audit will normally attend Audit Committees’ meetings and has a right of access to all Audit Committee members, the Chair and Chief Executive of the Trusts.
     3. The Head of Internal Audit shall be accountable to the Audit Committees. The reporting system for internal audit shall be agreed between the Chief Finance Officer, the Audit Committees and the Head of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the Public Sector Internal Audit Standards. The reporting systems shall be reviewed at least every three years. Where, in exceptional circumstances, the use of normal reporting channels is thought to limit the objectivity of the audit, the Head of Internal Audit shall have access to report direct to the Chair or a non-executive member of the Trusts’ Audit Committees.
     4. Managers in receipt of audit reports referred to them, have a duty to take appropriate remedial action within the agreed timescales specified within the report. The Chief Finance Officer shall identify a formal review process to monitor the extent of compliance with audit recommendations. Where appropriate, remedial action has failed to take place within a reasonable period, the matter shall be reported to the accountable Director.

## External Audit

* + 1. The external auditor is appointed by the KGH Council of Governors (KGH) and Board of Directors (NGH) following recommendations from the Audit Committees.
    2. The Audit Code for NHS Trusts (“the Audit Code”) contains the directions of the Regulator under, 24(5) of Schedule 7 of the NHS 2006 Act with respect of the standards, procedures and techniques to be adopted by the auditor.
    3. The Trusts shall comply with the Audit Code.
    4. The Auditor shall comply with the Audit Code.
    5. References in 2.4.3 and 2.4.5 relate equally to internal and external audit.
    6. In the event of the External Auditor issuing a Public Interest report the Trusts shall forward a report to NHS England within 30 days (or such shorter period as NHS England may specify) of the report being issued. The report shall include details of the Trusts’ responses to the issues raised within the Public Interest report.

## 2.6 Security Management

* + 1. In line with their responsibilities, the Chief Executive will monitor and ensure compliance with the NHS Standard Service Condition 24 to put in place and maintain appropriate security management arrangements, having regards to the NHS Counter Fraud Authority’s standards.
    2. The Trusts shall nominate a suitable person to carry out the duties of the Local Security Management Specialist (“LSMS”) as specified in the NHS Counter Fraud Authority anti-crime standards.
    3. The Trusts shall nominate Non-Executive Directors to be responsible to the Boards for NHS security management.
    4. The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the Security Management Director (SMD) and also to the appointed LSMS.

# 3. BUSINESS PLANNING, BUDGETARY CONTROL, AND MONITORING

## Preparation and Approval of the Trusts’ business plans and budgets

* + 1. In accordance with the integrated business planning cycle (agreed and reviewed by the Integrated Leadership Team), the Chief Finance Officer and designated Executive Leads will compile and submit to the Finance and Investment Committee and Boards of Directors (consulting other committees and the KGH Council of Governors) the Trusts’ annual plans which take into account financial targets and forecast limits of available resources and form part of integrated plans for the local health system. The annual plans will contain:

1. A statement of the strategic and operational context, specifying significant risks and assumptions on which the plan is based;
2. Details of major changes in delivery of services or resources required to achieve the plan;
3. Financial, activity, workforce, productivity and efficiency plans for the year (including the role of partners in delivering these); and
4. Such other contents as may be determined by NHS England within annual planning guidance.
   * 1. The annual plans must be submitted to NHS England in accordance with NHS England’s requirements.
     2. The Chief Finance Officer will, on behalf of the Chief Executive, prepare and submit annual financial plans for approval by the Finance and Investment Committee. Such budgets will:
5. Be in accordance with the aims and objectives set out in the Trusts’ Business Plans;
6. Accord with workload and workforce plans;
7. Be produced following discussion with appropriate budget holders;
8. Be prepared within the limits of available funds;
9. Identify potential risks;
10. Be based on reasonable and realistic assumptions; and
11. Enable the Trusts to comply with the whole regulatory framework.
    * 1. The annual plans, which will include the annual budget, will be submitted to the KGH Council of Governors in a general meeting.
      2. The Chief Finance Officer shall monitor financial performance against budget, and report to the Finance and Investment Committee and Boards of Directors in accordance with approved work plans.
      3. Divisions and non-Clinical Directorates are required to prepare business plans annually, aligned to annual plans. The financial elements of these plans will include the following fundamental elements:
12. monthly profile of annual plans for the financial year.
13. planned activity and income analysed by Specialty, Point of Delivery and Commissioner
14. ward, theatre, outpatient and diagnostic capacity assumptions
15. workforce plans by whole time equivalent, cost centre and staff type
16. expenditure plans by cost centre and expense type
17. investment plans (including new services and capital investment) subject to approved business cases and timescales for approval and implementation
18. disinvestment plans
19. recovery plans and mitigations (if required in-year)
    * 1. Planned ‘in year’ businesses cases will be identified as much as is reasonably possible via the annual plan processes. Only approved business cases or expected ‘base case’ will be included in budget setting. An adjustment to plans will be made in year for those that are subsequently approved.
      2. The Chief Finance Officer has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage their budgets successfully.

## Budgetary Delegation

* + 1. The Chief Executive, through the Chief Finance Officer, may delegate the management of a budget to permit the performance of a defined range of activities.
    2. Except where otherwise approved by the Chief Executive, taking account of advice from the Chief Finance Officer, budgets shall only be used for the purpose for which they were provided.
    3. Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive or the Chief Finance Officer.

## 3.3 Budgetary Control and Reporting

* + 1. The Chief Finance Officer will devise and maintain systems of budgetary control. These will include:

1. Financial reports to the Integrated Leadership Team, Finance and Investment Committee and Boards of Directors in a timescale and form approved by the Boards of Directors containing sufficient information to allow the Boards to provide oversight and assurance regarding the financial performance of the Trusts. This may include the following:
2. Executive summary and risk analysis
3. Income and expenditure to date, including the delivery of savings and efficiencies, showing trends and the forecast year-end position;
4. Movements in working capital;
5. Movements in cash and capital;
6. Capital project spend and projected outturn against plan;
7. Explanations of any material variances from budget;
8. Details of any corrective action where necessary and the Chief Executive's and/or Chief Finance Officer's view of whether such actions are sufficient to correct the situation;
9. Financial key performance measures (including analysis of unit costs as required)
10. The issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;
11. Investigation and reporting of variances from financial, workload and manpower budgets;
12. Monitoring of management action to correct variances; and
13. Arrangements for the authorisation of budget transfers and virements.

* Efficiency
* Capital expenditure
  + 1. Divisions and non-Clinical Directorates will be assessed against a financial governance rating with an overall red / amber / green score based upon performance against the following standards:
* Development and communication of business and financial plans
* Accuracy of monthly, quarterly and annual forecasts
  + 1. The Chief Finance Officer is responsible for maintaining processes and systems for reporting financial performance, including:
* Managers’ finance briefings
* Divisional Finance Reviews
* Non-Clinical Directorate meetings
* Self-serve reporting tools
* Individual and group meetings with members of the Finance team
  + 1. The Chief Executive is responsible for identifying and implementing cost improvement programmes (“CIPs”) and income generation initiatives in order to deliver budgets that will enable compliance with NHS England’s risk rating regime.

## 3.4 Investment Decisions

* + 1. Business cases are required to support investment decisions for all of the following items: New Services, Significant Change in Existing Services, Capital (Land, Buildings and Equipment), New Posts, Restructuring, New and Substitute Products, Invest to Save Schemes, Disinvestments and projects. The documentation required to support an investment decision will reflect the scale of the investment and be mandated by the Chief Finance Officer. The approval levels below are subject to, and to be exercised in accordance with, any restrictions and conditions which may be imposed by the Trusts’ commissioners or regulators from time to time.
    2. Business cases are required for all investments (internally and externally funded) even if the cost of the investment is included within annual plans or reforecasts.
    3. Revenue business cases require the following approval:

Boards of Directors Over £3,000,000

Finance and Investment Committee £1,000,000 to £3,000,000

Integrated Leadership Team Up to £999,999

Chief Finance Officer (Urgent items only) up to £250,000

* + 1. Capital business cases require the following approval:

Boards of Directors Over £3,000,000

Finance and Investment Committee £1,000,000 to £2,999,999

Integrated Leadership Team £500,000 to £999,999

Capital Committee £250,000 to £499,999

Capital Sub-Committees: up to £250,000

Emergency Approvals:

Chief Executive or Chief Finance Officer Up to £250,000

* + 1. Divisions and non-Clinical Directorates are responsible for ensuring their Income and Expenditure forecasts and capital forecasts are updated to reflect the impact of approved investments.

## 3.5 Replacement Staff

* + 1. The basis of decision for replacing staff should be fundamentally driven by the impact on the quality of patient care and efficiency. No assumption should be made by managers that recruitment decisions for replacement staff should be based simply on the basis of inclusion of a post within the annual budgeted establishment.
    2. Each Budget Holder is responsible for ensuring that no permanent employees are appointed without the approval of the Chief Executive, other than those provided for within the budgeted workforce establishment. Budget holders may only recruit in accordance with approved recruitment processes.

## 3.6 Performance Monitoring Forms and Returns

* + 1. The Chief People Officer is responsible for ensuring that the appropriate monitoring forms and returns are submitted to NHS England.

# 4. ANNUAL ACCOUNTS AND REPORTS

4.1 The Chief Finance Officer, on behalf of the Boards of Directors of the Trusts, will maintain financial records, and prepare the Annual Accounts for the Trusts. The Chief Finance Officer will prepare the Annual Accounts so that they:

1. meet the accounting requirements of the Annual Reporting Manual and Group Accounting Manual issued by NHS England, and agreed with HM Treasury
2. conform with relevant International Financial Reporting Standards (IFRS) that are applicable to the NHS.
3. conform with accounting policies agreed by the Boards of Directors (and delegated to the Audit Committees) always assuming that such policies are consistent with IFRS
4. are submitted as certified annual financial accounts to NHS England and, in the case of KGH, laid before Parliament in accordance with the timetable and submission procedures issued by NHS England.

The reporting of Charitable Funds held on Trust is set out in section 15 below.

4.2 The Trusts’ Annual Reports, Annual Accounts and financial returns to NHS England must be audited by the external auditor in accordance with appropriate international auditing standard.

4.3 The Director of Corporate and Legal Affairs on behalf of the Boards of Directors of the Trust will produce the Annual Governance Statements and Annual Reports, in accordance with the Financial Reporting Manual and other such guidance from NHS England.

4.4 The Director of Corporate and Legal Affairs will prepare the Annual Reports in accordance with the guidance in the Group Accounting Manual and Annual Reporting Manuals, issued by NHS England.

4.5 The Annual Reports and Accounts (including the auditor’s reports) shall be approved by the Board of Directors with recommendations from the Audit Committees.

4.6 The Trusts’ Audited Annual Accounts and Reports must be presented to a public meeting in accordance with the annual timetable produced by NHS England.

4.7 The Annual Reports and Accounts (including the auditor’s reports) are submitted to NHS England (in accordance with its timetable) by the Chief Finance Officer and, for KGH, put forward to be laid before Parliament in accordance with the prescribed timetable.

# 5. FINANCIAL CONTROLS AND TRANSACTIONS

## 5.1 Terms of Service and Payment to Directors, Employees, and Agency staff

* + 1. **Remuneration and Appointments Committees**

In accordance with Standing Orders, the Boards shall establish remuneration and appointments committees, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting. The remuneration for Non-Executive Directors is set by the Council of Governors’s Appointments and Remuneration Group (KGH) and NHS England (NGH).

* + 1. **Funded Establishment**

Divisions and non-Clinical Directorates are responsible for developing annual workforce plans. Workforce plans will be incorporated into authorised annual budgets

**5.1.3 Staff Appointments**

5.1.3.1No director or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration unless authorised to do so by the Chief Executive, or nominated representative under the Scheme of Delegation.

**5.1.4 Payroll contracts**

5.1.4.1The Chief People Officer is responsible for ensuring an efficient and effective payroll service is provided to the Trusts and their employees. In the case of outsourcing the payroll function, the Chief People Officer will be responsible for the tender specification, tender review and recommendation of a contract for approval by the appropriate committee.

5.1.4.2The Chief People Officer will be responsible for reviewing the payroll contract on a periodic basis and receiving monthly performance management reports from the payroll contractor.

**5.1.5 Processing of Payroll**

5.1.5.1 The Chief People Officer is responsible for:

1. specifying timetables for submission of properly authorised time records and other notifications
2. the final determination of pay and allowances: including verification that the rate of pay and relevant conditions of service are in accordance with current agreements.
3. making payment on agreed dates - payment to contracted employees will always be made by BACS unless exceptionally agreed with the finance department.
4. Determining methods of payment

5.1.5.2 The Chief Finance Officer and Chief People Officer will issue instructions regarding:

1. Verification and documentation of data
2. The timetable for receipt and preparation of payroll data and the payment of employees and allowances
3. maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
4. security and confidentiality of payroll information;
5. checks to be applied to completed payroll before and after payment;
6. authority to release payroll data under the provisions of the Data Protection Act;
7. procedures for payment by bank credit to employees;
8. procedures for the recall of cheques and bank credits;
9. pay advances and their recovery;
10. maintenance of regular and independent reconciliation of pay control accounts;
11. separation of duties of preparing records and handling cash; and
12. a system to ensure the recovery from leavers of sums of money and property due by them to the Trust.

5.1.5.3 Appropriately nominated managers have delegated responsibility for:

1. submitting appointment forms, and such other documents that may be required, immediately upon new employees commencing duty. The Trusts have centralised recruitment teams for submitting appointment forms. Other managers do not have authority to submit appointment forms to the payroll office.
2. submitting time records, and other notifications in accordance with agreed timetables;
3. completing time records and other notifications in accordance with the Chief Finance Officer and Chief People Officer instructions and in the form prescribed by them.
4. submitting change forms immediately upon the effective date of any change in the state of employment or personal circumstances of employees being known.
5. submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's resignation, termination or retirement. Where an employee fails to report for duty in circumstances that suggest they have left without notice, the payroll department must be informed immediately.
6. submitting change forms for those employees on Trust contracts who are progressing onto the next increment point in accordance with the Trust’s remuneration policy.

5.1.5.4 Regardless of the arrangements for providing the payroll service, the Chief Finance Officer and Chief People 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.

**5.1.6 Contract of Employment**

5.1.6.1 The Boardsshall delegate responsibility to the Chief People Officer for:

1. ensuring that all employees are issued with a Contract of Employment in a form approved by the Board which complies with employment legislation;
2. policies, systems, and controls in respect of variations to, or termination of, contracts of employment
3. Complying with HMRC’s IR 35 directives for payments to independent contractors and
4. complying with both UK and EU legislation e.g. minimum wage, EU Working Time Directives

**5.1.7** **Agency Staff**

5.1.7.1 Only agencies on the contract register maintained by the Head of Procurement (administered by Staff Bank) can be used to supply agency staff. These contracts must comply with NHS England Agency Rules and Caps and specifically detail:

* Hourly rates of pay
* Commission charges
* Supplier responsibilities e.g. to undertake DBS checks and Professional Registration

5.1.7.2 Approval to use an agency which is not on the contracts register (‘off framework’) must be agreed with the Chief Executive in line with NHS England Agency Rules.

5.1.7.3Self-employed contractors will only be accepted for work by the Trusts if payment is made to a limited company for their services (to ensure HMRC compliance).

**5.1.8 Waiting list initiative payments**

5.1.8.1 The Chief People Officer is delegated by the Boards to agree the fees for waiting list initiative payments. The hourly rate payable must be commensurate with the normal NHS salary paid to clinicians and other staff but can take account of the market rate for this type of work in the private market. A balance must be maintained between achieving Trust waiting list targets, obtaining value for money and use of public money.

5.1.8.2 All waiting list initiatives must be pre-authorised by the Chief Operating Officer (COO), or delegated authority and Divisional Director who should ensure there are appropriate and robust oversight and approval systems in place.

5.1.8.3 The Divisional Director or Service Manager is responsible for approving all claims from clinicians and other staff for undertaking additional duties in respect of waiting list initiatives.

## 5.2 Procurement

5.2.1 UK Legislation for procurements that are subject to the Public Contracts Regulations 2015 (PCR15), or the Procurement Act 2023 (PA23) prescribing procedures for awarding all forms of contracts, shall have effect as if incorporated in the Standing Financial Instructions

5.2.1.2 The requisitioner, in choosing the item to be supplied (or the service to be performed), shall always obtain the best value for money for the Trusts. In so doing, the advice of the Procurement Team shall be sought.

5.2.1.3 The procedure for contracting on behalf of the Trusts shall comply with these Standing Financial Instructions and Standing Orders.

## 5.3 Tendering and Contracting Procedures

**5.3.1 Contracts**

5.3.1.1 The Trusts can enter into commercial transactions with suppliers through the following contractual routes:

* Contracts awarded directly between the Trusts and a supplier
* Framework contracts awarded by other organisations which the Trusts have access to (e.g. Crown Commercial Service, NHS Supply Chain / SCCL, NHS Shared Business Services, Collaborative Procurement Hubs, Procure 23) with either agreed prices or where further competitive process is required to select the supplier and agree prices
* Contracts awarded by any of the Trusts’ Collaborative Procurement partners which specifically name the Trusts within the contractual agreement
* Pricing agreements with suppliers where a contract is not required either because of its value of where there is commercial benefit to the Trusts which does not compromise Procurement regulations
* National and regional contracts for the supply of pharmaceuticals.
* The Trusts have policies and procedures in place for the control of all tendering activity, for example, use of an e-tendering solution and/or Dynamic Purchasing System (DPS), as described in the Trusts’ Procurement Manual

5.3.1.2 **Contracts can only be awarded through the Chief Finance Officer, Procurement team, Director of Estates, Facilities and Sustainability (works only) and Chief Pharmacist (Pharmaceuticals only).** No other Directors or employees are authorised to enter into contractual relationships with suppliers. Authorization levels are set out in Section 5.3.6 below.

5.3.1.3 All contracts must be recorded on the Contracts Register maintained by the Head of Procurement and be awarded at the end of an approved quotation or tender process.

5.3.1.4 The Head of Procurement is responsible for producing and publishing Trust procurement policies and guidance to managers.

**5.3.2 Extensions to Contracts**

5.3.2.1 In all cases where optional extensions to contract are outlined at the time of tendering, the authority to approve contract extensions is given to the Director of Estates, Facilities and Sustainability (for works) and Chief Finance Officer /or Head of Procurement up to the value of the original contract (including formally agreed variations).

**5.3.3 Tenders**

5.3.3.1 The Trusts shall ensure that competitive tenders, under appropriate forms of appointment, i.e. terms and conditions, are invited for:

* the supply of goods, materials and manufactured articles;
* the rendering of services including all forms of management consultancy services (other than specialised services sought from or provided by government bodies);
* the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens); disposals.
* All Healthcare Services under the Common Procurement Vocabulary (CPV) codes as defined by NHS England will follow the Provider Selection Regime regulations

5.3.3.2 The Chief Finance Officer will:

1. advise the Boards 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;
2. prepare procedural instructions or guidance within the Schemes of Delegation on the obtaining of goods, works and services incorporating the thresholds;

5.3.3.3 All competitive tenders must be placed through the eTendering system maintained by the Procurement team. Officers wishing to seek competitive quotes outside of e-tendering system must consult the Procurement Team.

5.3.3.4 A pre-procurement authorisation form approved by the Head of Procurement, and other relevant staff, is required before any new procurement process can commence.

5.3.3.5 Fair and Adequate Competition- where the exceptions set out in SFI 5.3.4.2 apply, the Trusts shall ensure that invitations to tender and/or quote are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and no fewer than two firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.

5.3.3.6 The Chief Finance Officer may make or institute any enquiries they deem appropriate concerning the financial standing and financial suitability of approved contractors. The Director with lead responsibility for clinical governance will similarly make such enquiries as is felt appropriate to be satisfied as to their technical / medical competence.

**5.3.4 Waiver of Tender Procedures and Competitive Quotations**

5.3.4.1 Formal competitive procedures need not be applied where:

1. the estimated expenditure or income does not, or is not reasonably expected to, exceed £30,000 inc VAT for both goods and services or works contracts over the contract term;
2. regarding disposals as set out in Standing Financial Instruction No. 6.8.6.

5.3.4.2 Formal competitive procedures may be waived in the following circumstances:

1. in very exceptional circumstances where the Chief Executive or Chief Finance Officer decides that formal tendering procedures would not be practicable
2. where the timescale genuinely precludes competitive tendering (however failure to plan properly should not be regarded as a justification for a single tender)
3. where specialist expertise is required and is available from only one source
4. 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
5. Where 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
6. 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
7. where National Framework Agreements are in place and the Trust is lawfully able to access these.
8. Where a marked financial advantage will accrue to the Trust from awarding a contract directly to a supplier outside of the use of a framework agreement and the contract value is below the legislated threshold.

5.3.4.3 The waiving of competitive 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.

5.3.4.4 UK legislative thresholds cannot be waived, except in 5.3.4.2 a) above, and in this must be authorised by the Chief Executive Officer

5.3.4.5 Where it is decided that competitive tendering is not applicable and should be waived, the fact of the waiver and the reasons should be documented and reported to the Audit Committees

**5.3.5 Quotations: Competitive and Non-Competitive**

5.3.5.1 Quotations are required where formal tendering procedures are not adopted and where the intended expenditure or income is not expected to exceed £139,688 inc. VAT over the contract period.

5.3.5.2 Competitive Quotations:

1. Quotations should be requested from at least 3 firms/individuals based on specifications, evaluation criteria or terms of reference prepared by, or on behalf of, the Trusts.
2. Quotations should be in English and must be placed through the eTendering system maintained by the Procurement team. Officers wishing to seek competitive quotes outside of e-tendering system must consult the Procurement Team. All/any quotations must be in writing.
3. All quotations should be treated as confidential and should be retained for inspection.
4. The Head of Procurement or their nominated officer should evaluate the quotation and select the quote which gives the best value for money. If this is not the lowest quotation if payment is to be made by the Trusts, or the highest if payment is to be received by the Trusts, then the choice made and the reasons why should be recorded in a permanent record.

**5.3.6**  **Thresholds Tender Guide**

The following tables outline the correct procurement process to be followed relative to value and the type of product or service being purchased.

All Healthcare Services under the Common Procurement Vocabulary (CPV) codes as defined by NHS England will follow the Provider Selection Regime regulations 2023, regardless of contract value, as stipulated in the regulations.

**Products and Services Procurement**

|  |  |  |
| --- | --- | --- |
| **Contract Value (inc. VAT unless otherwise specified)** | **Quotations/Tenders for Goods and Services** | **Min number invited to Quote/Tender** |
| Up to £30,000 | Quotation | 1 |
| £30,000-£139,688 | Quotation | 3 |
| Over £139,688 | UK FTS as per PCR15 and/or Procurement Act 2023. Formal Competitive Tender via relevant regulated platform or further competition via accredited framework | 3 |

\*Threshold limits represent the contract’s lifetime value e.g. a 5-year contract of £30,000 inc VAT per year requires £150,000 process and authorisation.

**Building and Estates Engineering Procurement**

|  |  |  |
| --- | --- | --- |
| **Contract Value (inc. VAT, unless otherwise specified)** | **Tender for Building and Engineering** | **Min number invited to Quote/Tender** |
| Up to £30,000 | Quotation | 1 |
| £30,000 - £139,688 | Quotation | 3 |
| £139,689 - £5,372,609 | Formal Competitive Tender | 3 |
| Over£5,372,609 | UK FTS as per PCR15 and/or Procurement Act 2023. Formal Competitive Tender via relevant regulated platform or further competition via accredited framework | 3 |

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

**Below Threshold Procurements**

Where a potential contract opportunity exists, has a contract value above £12,000including VAT, and which will be advertised elsewhere to the open market, a Below Threshold Tender Notice must be published on relevant regulated platform, before advertising anywhere else. This is not applicable if the opportunity is not advertised, and a closed group of suppliers are invited to bid i.e. under a framework mini competition

For all contracts with an anticipated contract value of over £12,000 including VAT, a Contract Details Notice must be published on the relevant regulated platform, within required timescales according to relevant regulations after the Contract Award is made. This is applicable for all contract awards, including those via a framework.

For all Healthcare Services Contracts, a Confirmation of Award Notice must be placed on the relevant regulated platform regardless of value, within the specified timescales according to the applicable regulations

**5.3.7 Compliance Requirements for all procurement**

5.3.7.1 The Boards may only enter into contracts on behalf of the Trusts within the statutory powers delegated to them by the Secretary of State and shall comply with:

1. The Terms of Authorisation set out for the Trusts by the Independent Regulator
2. The Trusts’ Standing Orders and Standing Financial Instructions;
3. PCR15 legislation and/or Procurement Act 2023 legislation and other statutory provisions;
4. any relevant directions including the Capital Investment Manual, Estate code and guidance on the Procurement and Management of Consultants;
5. such of the NHS Standard Contract Conditions as are applicable.
6. contracts with Trusts must be in a form compliant with appropriate NHS guidance.
7. contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited.
8. guidance issued in relation to The Bribery Act 2010, by clarifying the trusts’ position with respect to business conduct and requiring evidence of a similar level of probity from potential contractors
9. The Trusts’ [Modern Slavery Act Statement](https://www.kgh.nhs.uk/download/transparency-in-supply-chains-modern-slavery-act-statement.pdf?ver=7603)
10. In all contracts made by the Trusts, the Boards shall endeavour to obtain best value for money by use of all systems in place. The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Trusts.

**5.3.8 Ordering**

5.3.8.1 No Directors or employees are authorised to place orders with suppliers outside of the following routes:

* Orders generated through the eProcurement system
* Orders generated through the eFinancials system
* Orders generated by stock replenishment systems approved by the Chief Finance Officer
* Materials Management
* Pharmacy orders generated through the Ascribe system
* Procurement Cards
* Agency staff booked through the Bank Office

Unless authorised by the Chief Finance Officer or Chief Executive.

5.3.8.2 Employees can only be set up to order on the eProcurement system following approval by the relevant Business Partner

5.3.8.3 The eProcurement system will allow users to request, approve and receipt requisitions

5.3.8.4 The eProcurement system is set up to prevent any user from requesting and approving the same requisition

5.3.8.5 The eProcurement system is set up prevent any user from approving and receipting the same requisition

5.3.8.6 Requisitions for catalogue items will be converted into orders and dispatched to suppliers without the need for further approval

5.3.8.7 Requisitions for free text items will require approval by the Procurement team before being converted into orders and dispatched to suppliers

5.3.8.8 Items can only be added onto the catalogue with approval by the Procurement team

5.3.8.9 Product orders will be receipted by the Receipt and Distribution Team with the exception where the order specifies that products are delivered directly to departments (where the eProcurement requester will be responsible for receipting when products are delivered)

5.3.8.10 Service orders will be receipted by the user, unless the Receipt and Distribution Team are requested to do so, with the relevant authorisation

## 5.4 Accounts Payable

5.4.1 The Chief Finance Officer will be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:

* A list of employees (including specimens of their signatures) authorised to certify invoices.
* the maximum level of each requisition and the system for authorisation above that level.

5.4.2 Invoices received without an official purchase order number will not be paid without the authorisation of the Chief Finance Officer in accordance with agreed processes.

5.4.3 Orders will require that suppliers send invoices to the Accounts Payable department (with the exception of Pharmacy invoices generated by pharmacy systems) where these invoices will be registered onto the Finance system

5.4.4 Invoices which can be matched to the order and receipt will be automatically matched and paid within the eFinancials system without the requirement for authorisation

5.4.5 Invoices which cannot be matched to orders and receipts will be sent to managers to verify price and quantities

5.4.6 Prepayments are only permitted where exceptional circumstances apply and are subject to the following conditions

* Industry Standard- e.g. Insurance and maintenance contracts
* pre-payments are only permitted where the financial advantages outweigh the disadvantages
* a case setting out all relevant circumstances of the purchase including the impact on the Trusts if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments
* prior approval by the Chief Finance Officer
* the budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the Chief Finance Officer

## 5.5 Petty cash

5.5.1 Purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Chief Finance Officer.

5.5.2 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 (subject to the petty cash limit – see scheme of delegated limits).

5.5.3 In certain circumstances, where regular transactions are made for items such as travel, course and accommodation bookings and one-off purchases, a Trust purchasing card can be an alternative means of procurement. All purchase card holders are required to follow the Trust purchasing card procedure and will be required to sign a declaration agreeing to the terms of the procedure.

## 5.6 Foreign currencies

5.6.1 The Trusts’ functional currency and presentational currency is pounds sterling, and figures are presented in thousands of pounds unless expressly stated otherwise. Transactions denominated in a foreign currency are translated into sterling at the spot exchange rate on the date of the transaction. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March each year.

5.6.2 Exchange gains and losses on monetary items (arising on settlement of the transaction or on retranslation at the Statement of Financial Position date) are recognised in the Statement of Comprehensive Income in the period in which they arise.

## 5.7 Gifts and Hospitality, Loans and Supplier Relationships (please refer also to the Trusts’ Policy for the Management of Declarations of Interest, Gifts and Hospitality and Commercial Sponsorship)

5.7.1 No contractual commitment can be issued to any supplier which has made an offer of gifts, reward or benefit to employees, other than:

* isolated gifts of a trivial character or inexpensive seasonal gifts with an approximate value up to £10, such as calendars;
* conventional hospitality, such as lunches in the course of working visits, where a clear business need is established

5.7.2 Goods cannot be not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase. In addition, any trial or loan must receive prior approval by the Head of Procurement (and the Deputy Chief Nurse for clinical products and services)

5.7.3 No supplier representative is permitted to enter the Trust premises without prior approval by the Procurement team except for provision of scheduled maintenance visits and supply of products and services covered under existing contracts.

5.7.4 During a quotation or tender process, no employee is authorised to communicate with a supplier without the prior approval of the Procurement team and all correspondence and meetings must be recorded in the eTendering system.

5.7.5 Employees must disclose any relationship in the Register of Interests with existing suppliers with which the Trusts has a commercial relationship and where they are aware of potential future commercial relationships with suppliers

## 5.8 In-House Services

5.8.1 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 Trusts may also determine from time to time that in-house services should be market tested by competitive tendering. The Chief Executive will advise the Boards of Directors on the frequency of the market testing.

5.8.2 In all cases where the Boards determine that in-house services should be subject to competitive tendering the following groups shall be set up:

1. Specification group, comprising the Chief Executive or nominated officer/s and specialist.
2. In-house tender group, comprising a nominee of the Chief Executive and technical support.
3. Evaluation team, comprising normally a specialist officer, a supplies officer and a finance representative. For services having a likely annual expenditure exceeding £1,000,000, a non-executive director should be a member of the evaluation team.

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

5.8.4 The evaluation team shall make recommendations to the decision maker.

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

## 5.9 Compliance

5.9.1 Transactions made that are not in accordance with these instructions will be reported to the Audit Committees. These transactions are defined as:

* Invoices received without an official purchase order number
* Commitment orders
* Quotes and tenders issued or received by department managers outside of the eTendering system
* All contracts let with an approved waiver.
* Contracts awarded without prior approval by the Procurement team
* Trials or loans commenced without prior approval
* Gifts or hospitality other than those covered in 5.7.1
* Relationships with suppliers which have not been declared within the Register of Interests
* Salary overpayments

# 6. FINANCING AND CAPITAL

## 6.1 Public Dividend Capital (PDC)

6.1.1 On authorisation as Trusts the Public Dividend Capital held immediately prior to authorisation continues to be held on the same conditions.

6.1.2 Additional PDC may be made available on such terms the Secretary of State (with the consent of NHS England) decides.

6.1.3 Draw down of PDC should be authorised in accordance with the mandate held by the Department of Health cash funding team.

6.1.4 The Trusts shall be required to pay annually to the Department of Health a dividend on Public Dividend Capital at a rate determined from time to time, by the Secretary of State.

## 6.2 Borrowing

6.2.1 The Trusts may borrow money from any commercial source for the purposes of or in connection with its functions, subject to the NHS England Compliance Framework and any limits set by the Department of Health.

6.2.2 Loans for the purpose of capital funding must have prior approval from NHS England where it exceeds the limit imposed by NHS England as contained in the Compliance Framework published annually by NHS England.

6.2.3 The Chief Finance Officer will advise and seek approval from the Boards for all loans.

6.2.4 Any application for loans will only be made by the Chief Finance Officer and Chief Executive or other Director authorised by the Board as detailed in the Scheme of Delegation.

6.2.5 The Chief Finance Officer must prepare detailed procedural instructions concerning applications for temporary loans.

6.2.6 All loans must be consistent with the plans outlined in the current business plan.

## 6.3 Investments and Treasury Management

6.3.1 All investments and short term deposits must be made in accordance with the Trusts’ Treasury Management policies.

6.3.2 The Audit Committees are responsible for establishing and reviewing the Treasury Management policies on behalf of the Boards.

6.3.3 The Chief Finance Officer will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

6.3.4 The Chief Finance Officer is responsible for advising the Boards of Directors on investments and shall report periodically to the Audit Committees concerning the performance of investments and short-term deposits.

6.3.5 The Chief Finance Officer is responsible for establishing a system of planning and monitoring of cash movements to ensure the Trusts do not have overdrawn bank positions.

## 6.4 Capital Investment

6.4.1 The annual plan will include a capital investment plan which is aligned to the Trusts’ strategy and Divisional and non-Clinical Directorate business plans.

6.4.2 Business cases and project initiation documents are required for all capital projects with each individual scheme requiring approval in accordance with the Scheme of Delegation.

6.4.3 Schemes which have outline approval within the Annual Plan still require business cases

6.4.4 Each scheme is required to have a named project lead that is responsible for preparing a business case and project initiation documents for approval and delivering the objectives of the scheme and managing costs within agreed financial limits

6.4.5 The Chief Finance Officer is responsible for reporting performance against the capital investment plan to the Trusts’ Capital Committees and the and Finance and Investment Committee.

6.4.6 Capital investment approval limits are set out in Section 3.4.5 above.

6.4.7 For capital schemes where the contracts stipulate stage payments, the recommendations of "Estate code" will be followed.

6.4.8 The Chief Finance Officer shall operate, where required to do so by HMRC, the construction industry tax deduction scheme in accordance with HMRC guidance.

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

6.4.10 The Senior Responsible Owner (SRO) for each approved capital scheme is responsible for ensuring the scheme expenditure does not exceed the approved sum. Where, exceptionally, the expenditure is expected to vary from the approved sum the SRO is responsible for obtaining approval from the relevant body for management within the agreed capital plan allocation at the beginning of the year. If this exceeds the approval limits originally agreed, this would need the relevant further approval in line with the agreed limits. The tolerances are itemised in the table below. The relevant body will approve the additional expenditure subject to the project manager providing a full explanation of the additional cost and lessons learnt to prevent a recurrence.

The approval table is shown below:

|  |  |
| --- | --- |
| **Under/Overspend:** | **Report to:** |
| Up to 5%  5-20% | Project or Programme Board or Capital Sub-Committee  Capital Committee and ILT |
| 20%-50% | Integrated Leadership Team |
| >50% | Finance and Investment Committee |

## 6.5 Private Finance

6.5.1The Trusts should normally test for Private Finance when considering capital procurement. When the Boards propose, or are required, to use finance provided by the private sector the following should apply:

1. The Chief Finance Officer shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
2. Where the sum involved exceeds delegated limits, the business case must be referred to NHS England.
3. The proposal must be specifically agreed by the Board in the light of such professional advice as should reasonably be sought
4. The selection of contractor/finance company must be made on the basis of competitive tendering or quotations.

## 6.6 Asset Management

**6.6.1 Non- Current Assets (Fixed assets and intangible assets)**

6.6.1.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Chief Finance Officer concerning the form of any registers and the method of updating, and arranging for a physical check of assets against the asset registers to be conducted once a year and ensuring that the Trusts’ estates are independently re-valued at intervals of no more than five years with at least an interim valuation between full valuations. Where land and building indices indicate a material movement in values, further valuations should be sought.

6.6.1.2 The Trusts shall maintain asset registers recording fixed assets. The minimum data set to be held within these registers shall be as specified in accordance with the Financial Reporting Manual issued by NHS England and in accordance with the relevant International Financial Reporting Standards (IFRS).

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

1. properly authorised and approved agreements, architect's certificate, supplier's invoices and other documentary evidence in respect of purchases from third parties;
2. lease agreements in respect of Right of Use assets and capitalised.

6.6.1.4 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).

6.6.1.5 The Chief Finance Officer shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.

6.6.1.6 The value of each asset shall be depreciated using methods and rates as specified in the Trusts’ Accounting Policies approved by the Boards.

## 6.6.2 Security of Assets

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

6.6.2.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Chief Finance Officer. This procedure shall make provision for:

* recording managerial responsibility for each asset;
* identification of additions and disposals;
* identification of all repairs and maintenance expenses;
* physical security of assets;
* periodic verification of the existence of, condition of, and title to, assets recorded;
* identification and reporting of all costs associated with the retention of an asset; and
* reporting, recording and safekeeping of cash, cheques and negotiable instruments.

6.6.2.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Chief Finance Officer.

6.6.2.4 Whilst each employee has a responsibility for the security of property of the Trusts, it is the responsibility of directors and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the Boards. Any breach of agreed security practices must be reported in accordance with instructions.

6.6.2.5 Any damage to the Trusts’ premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by directors and employees in accordance with the procedure for reporting losses.

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

6.6.2.7 Private use of Trusts’ assets is not normally permitted. Exceptionally, and with the prior approval of the relevant director, it will be allowed. In all cases the full costs must be reimbursed to the Trusts.

## 6.6.3 Current assets - Inventory

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

* kept to a minimum;
* subjected to a minimum of an annual stock take;
* valued at the lower of cost and net realisable value.

6.6.3.2 Subject to the responsibility of the Chief Finance 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 them to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the Chief Finance Officer. The control of Pharmaceutical stocks shall be the responsibility of the Chief Pharmacists, the control of fuel oil of designated estates officers.

6.6.3.3 The responsibility for security arrangements and the custody of keys for all stores and locations shall be clearly defined in writing by the designated managers. Wherever practicable, stocks should be marked as health service property.

6.6.3.4 The Chief Finance Officer shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.

6.6.3.5 Stocktaking arrangements shall be agreed with the Chief Finance Officer and there shall be a physical check covering all items in store at least once a year.

6.6.3.6 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Chief Finance Officer.

6.6.3.7 The designated managers shall be responsible for a system approved by the Chief Finance 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 Finance Officer any evidence of significant overstocking and of any negligence or malpractice (see also paragraph 6.8.6). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

6.6.3.8 For goods supplied via the NHS Supply Chain central warehouses, the Chief Executive shall identify those authorised to requisition and accept goods from the store. The authorised person shall check receipt against the delivery note before forwarding this to the Chief Finance Officer who shall satisfy himself that the goods have been received before accepting the recharge.

**6.6.4 Current assets - Income, Fees and Charges and Security of Cash, Cheques and Other Negotiable Instruments**

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

6.6.4.2 The Chief Finance Officer is also responsible for the prompt banking of all monies received.

6.6.4.3 The Chief Finance 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](https://data.parliament.uk/DepositedPapers/Files/DEP2009-1886/DEP2009-1886.pdf) and in the UHN Policy for the Management of Declarations of Interest, Gifts and Hospitality and Commercial Sponsorship shall be followed.

6.6.4.4 All employees must inform the Chief Finance 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.

6.6.4.5 The Chief Finance Officer is responsible for the appropriate recovery action on all outstanding debts, and for regular assessment of the provision of doubtful debts and uncertain items.

6.6.4.6 Income not received should be dealt with in accordance with losses procedures contained within the Trusts’ Accounting Procedures and schemes of delegation.

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

6.6.4.8 Security of Cash, Cheques and Other Negotiable Instruments

The Chief Finance Officer is responsible for:

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

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

6.6.4.10All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Chief Finance Officer.

6.6.4.11The 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 Trusts are not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Trusts from responsibility for any loss.

**6.6.5 Current Assets - Bank and Government Accounts**

6.6.5.1 The Chief Finance Officer is responsible for managing the Trusts’ banking arrangements and for advising the Trusts on the provision of banking services and operation of accounts. This advice will take into account guidance/Directions issued from time to time by the NHS England and the Department of Health.

6.6.5.2 The Boards, through the Audit Committees, shall approve the banking arrangements contained within the Treasury Management Policies.

6.6.5.3 The Chief Finance Officer is responsible for:

1. Commercial and Government (GBS) bank accounts;
2. Establishing separate bank accounts, if required, for the Trust's charitable funds;
3. Ensuring payments made from bank or GBS accounts do not exceed the amount credited to the account except where arrangements have been made;
4. Reporting to the Finance and Investment Committee all arrangements made with the Trusts’ bankers for accounts to be overdrawn and/or for the use and operation of any overdraft or working capital facility or equivalent.
5. Ensuring that any overdraft or working capital arrangements are in accordance with the NHS England Risk Assurance Framework.

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

1. the conditions under which each bank and GBS account is to be operated;
2. the limit to be applied to any overdraft; and
3. those authorised to sign cheques or other orders drawn on the Trusts’ accounts.

6.6.5.5 The Chief Finance Officer must advise the Trusts’ bankers in writing of the conditions under which each account will be operated (normally enshrined in the relevant bank mandate).

6.6.5.6 The Chief Finance Officer will review the banking arrangements of the Trusts at regular intervals to ensure they reflect best practice and represent best value for money.

**6.6.6 Disposals and Condemnations**

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

6.6.6.2 When it is decided to dispose of a Trust asset, the head of department or authorised deputy will determine and advise the Chief Finance Officer of the estimated market value of the item, taking account of professional advice where appropriate.

6.6.6.3 All unserviceable articles shall be:

1. condemned or otherwise disposed of by an employee authorised for that purpose by the Chief Finance Officer;
2. recorded by the Condemning Officer in a form approved by the Chief Finance 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 Finance Officer.

6.6.6.4 The Condemning Officer shall satisfy them self as to whether or not there is evidence of negligence in use and shall report any such evidence to the Chief Finance Officer who will take the appropriate action.

# 7. LOSSES AND SPECIAL PAYMENTS

7.1 The Chief Finance Officer must prepare procedural instructions, on the recording of and accounting for condemnations, losses and special payments*.*

7.2 Any employee discovering or suspecting a loss of any kind must immediately inform their head of department, who must immediately inform the Chief Executive or the Chief Finance Officer, or inform an officer charged with responsibility for responding to concerns involving loss or fraud confidentially. This officer will then appropriately informthe Chief Finance Officer and/or Chief Executive. Where theft or arson is involved the Chief Finance Officer must immediately inform the police. Where there is a suspicion of Fraud then the matter should be referred to the Trust’s Local Counter Fraud Officer and NHS Counter Fraud Authority regional team in accordance with Secretary of State for Health’s directions.

7.3 The Chief Finance Officer must notify NHS Counter Fraud Authority of all frauds*.*

7.4 For losses apparently caused by theft, fraud, arson, neglect of duty or gross carelessness, except if trivial and where fraud is not suspected, the Chief Finance Officer must immediately notify the Chief Executive.

7.5 The write-off of losses will be in accordance with the schemes of delegation.

7.6 The Chief Finance Officer shall be authorised to take any necessary steps to safeguard the Trusts’ interests in bankruptcies and company liquidations.

7.7 For any loss, the Chief Finance Officer should consider whether any insurance claim can be made against insurers.

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

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

7.10 All losses and special payments must be reported to the Audit Committees at least annually

7.11 The Trust Local Counter Fraud Officer will report all suspected frauds to the Audit Committees and the outcome of the investigation.

# 8. FINANCE AND INFORMATION SYSTEMS

8.1 The Chief Digital Information Officer (acting as Senior Information Risk Owner from 1 June 2025), who is responsible for the security of the digital financial data of the Trusts, shall:

1. devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Trust's data, programmes and digital hardware for which they are responsible from accidental or intentional disclosure to unauthorised persons, modification, theft or damage, having due regard for the Data Protection Act 2018 and the Computer Misuse Act 1990;
2. ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security and privacy of the data, as well as the efficient and effective operation of the systems;
3. ensure that adequate controls exist such that the digital operation is separated from development, maintenance and amendment;
4. ensure that adequate controls exist to maintain the security and privacy, of financial data sent via transmissions networks.
5. ensure that an adequate management (audit) trail exists through the digitised system and that such digital audit reviews as they may consider necessary are being carried out.

8.2 The Chief Finance Officer shall 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 will be obtained from them prior to implementation.

8.3 The Chief Finance Officer shall not authorize new digital systems without the approval of the Group Chief Digital Information Officer.

8.4 Where another health organisation or any other agency provides a digital solution for financial applications, the Chief Finance Officer shall periodically seek assurances that adequate controls are in operation.

8.5 Where digital systems have an impact on corporate financial systems, the Chief Finance Officer shall need to be satisfied that:

1. systems acquisition, development and maintenance are in line with the trusts’ corporate policies and digital strategies;
2. data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists:
3. finance staff have access to such data; and
4. such digital system audit reviews as are considered necessary are being carried out.

8.6 The Group Chief Digital Information Officer shall ensure that risks to the Trusts arising from the use of digital solutions 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.

8.7 The Chief Executive shall publish and maintain Freedom of Information (FOI) Publication Schemes, or adopt a model Publication Scheme approved by the information commissioner. A Publication Scheme is a complete guide to the information routinely published by the public authority. It describes the classes or types of information about the Trusts that are made publicly available.

8.8 In the case of digital systems which are proposed general applications (i.e. normally those applications which the majority of Trusts in a locality wish to sponsor jointly) all responsible directors and employees will send to the Chief Digital Information Officer

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

# 9. INSURANCE AND COMPENSATION CLAIMS

9.1 The Chief Finance Officer shall ensure that insurance arrangements exist in accordance with the Trusts’ risk management programmes.

9.2 The Trusts will participate in the NHS resolution for NHS organisations with the following cover;

1. Clinical cover under the CNST scheme
2. Property Expenses schemes (£1m limit)
3. Liability to third parties scheme

9.3 In addition the Chief Finance Officer will arrange commercial insurance cover for material risks not covered by the NHS Resolution schemes such as:

1. Top up cover for property loss
2. Non-NHS Income generation schemes
3. Directors and Officers Liability cover
4. Fidelity Guarantee (Charitable Funds only)
5. Loss of income/increased cost of working
6. Boiler house inspection
7. Car insurance for Trusts’ owned or leased vehicles

9.4 The Finance and Investment Committee will decide the appropriateness of commercial insurance cover for some or all of the risks identified above.

9.5 The Trusts are committed to effective and timely investigation and response to any claim that includes allegations of clinical negligence, employee and other compensation claims. The Trusts will follow the requirements and note the recommendations of the Department of Health, and NHS Resolution in the management of claims. Every member of staff is expected to co-operate fully, as required, in assessment and management of each claim.

9.6 The Trusts will seek to reduce the incidence and adverse impact of clinical negligence, employee and other litigation by: -

* Adopting prudent risk management strategies including continuous review.
* Implementing in full the NHS Complaints Procedure, thus providing an alternative remedy for some potential litigants.
* Adopting a systematic approach to claims handling in line with the best current and cost effective practice.
* Following guidance issued by NHS Resolution relating to clinical negligence.
* Implementing effective systems of Clinical Governance

9.7 The Medical Director and the and Chief Nurse are responsible for clinical governance. The Director of Corporate and Legal Affairs, in collaboration with the Chief Executives, Chief Nurse and Medical Director is responsible for managing the claims process in collaboration and, and for informing the Boards of Directors of any major developments on claims related issues.

# 10. PATIENTS’ PROPERTY

10.1 The Trusts have 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.

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

* notices and information booklets and associated online content,
* hospital admission documentation and property records,
* the oral advice of administrative and nursing staff responsible for admissions,
* that the Trusts 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.

10.3 The Chief Finance 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.

10.4 Where Department of Health instructions require the opening of separate accounts for patients' monies, these shall be opened and operated under arrangements agreed by the Chief Finance Officer.

10.5 In all cases where property of a deceased patient is of a total value in excess of £5,000 (or such other amount as may be prescribed by any amendment to the Administration of Estates, Small Payments, Act 1965), the production of Probate or Letters of Administration shall be required before any of the property is released. Where the total value of property is £5,000 or less, forms of indemnity shall be obtained.

10.6 Staff should be informed, on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.

10.7 Where patients' property or income is received for specific purposes and held for safekeeping the property or income shall be used for that purpose, unless any variation is approved by the donor in writing.

# 11. INFORMATION TECHNOLOGY

11.1 The Chief Executive, supported by the Chief Digital Information Officer, who is responsible for the accuracy and security of the digitised data of the Trusts shall:

(a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Trust’s data, programmes and hardware for which they are responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 2018,

(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 systems,

(c) ensure that adequate controls exist such that the digital operation is separated from development, maintenance and amendment

(d) ensure that an adequate management (audit) trail exists through the digitised system and that such digital audit reviews as they may consider necessary are being carried out ensure procedures are in place to limit the risk of, and recover promptly from, interruptions to computer operations.

11.2 No software package for use on Trusts’ equipment (PCs, laptops, tablets) should be used without the knowledge of the digital department. Any quotes to purchase software should therefore be managed through the IT service desk.

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

# 12. RESEARCH and DEVELOPMENT

12.1 All prospective research and development activities within the Trusts need approval from the Medical Director.

12.2 All research and development activities undertaken by the Trusts shall be subject to these Standing Orders/ Scheme of Delegation/ Standing Financial Instructions.

12.3 The Chief Finance Officer shall ensure procedures are put in place to ensure that all such activities are properly accounted for and that all funding is utilized appropriately.

# 13. RETENTION OF DOCUMENTS

13.1 The Chief Executive shall be responsible for maintaining archives for all documents required to be retained as set out in Law

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

13.3 Records held in accordance with latest Laws shall only be destroyed at the express instigation of the Chief Executive. Detail shall be maintained of records so destroyed in accordance with the Records Management Code of Practice.

# 14. RISK MANAGEMENT

14.1 The Chief Executive shall ensure that the Trusts have a programme of risk management, in accordance with current Department of Health assurance framework requirements, which must be approved and monitored by the Boards.

The programme of risk management shall include;

1. process for identifying and quantifying risks and potential liabilities;
2. engendering among all levels of staff a positive attitude towards the control of risk;
3. 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;
4. contingency plans to offset the impact of adverse events;
5. audit arrangements including; Internal Audit, clinical audit, health and safety review;
6. a clear indication of which risks shall be insured;
7. arrangements to review the Risk Management programme.

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

# 15. CONTRACTS WITH COMMISSIONERS

15.1 The Chief Finance Officer (with escalations to the Chief Executive if required), is responsible for negotiating contracts with commissioners for the provision of clinical services to patients (services commissioned under the NHS standard contract and NHS standard sub-contract). Contracts with commissioners shall comply with best costing practice and shall be so devised as to minimise risk whilst maximising the Trusts’ opportunities to generate income. Contracts with commissioners are legally binding and appropriate legal advice, identifying the organisation’s liabilities under the terms of the contract, should be considered.

15.2 The Trust shall comply with the Health and Care Act 2022 and the Healthcare Services (Provider Selection Regime) Regulations 2023. The Procurement Legislation shall have effect as if incorporated in these Standing Orders and Standing Financial Instructions.

15.3 The Provider Selection Regime (PSR) shall apply to all Healthcare Services under the Common Procurement Vocabulary (CPV) codes as defined by NHS England

The PSR appliedsto the arrangement of health care and public health services arranged by relevant authorities and irrespective of the provider (i.e. whether the service is provider by NHS providers, other public sector bodies, local authorities, or providers within the voluntary, community, social enterprises (VCSE), and independent sectors). The PSR will not apply to goods and non-health care services (such as medicines, medical equipment, cleaning, catering, business consultancy services and social care), unless arranged as part of a mixed procurement.

The Trust can follow three different provider selection processes to award contracts for health care services under the PSR:

1. Direct Award Processes (direct award process A, B and C)
2. Most Suitable Provider Process
3. Competitive Process

15.4 In carrying out these functions, the Chief Finance Officer should take into account:

1. costing and pricing of services;
2. payment terms and conditions;
3. billing systems and cash flow management; and
4. any other matters of a financial nature.
5. the contract negotiation process and timetable;
6. the provision of contract data;
7. contract monitoring arrangements;
8. amendments to contracts and sub-contracts and
9. any other matters relating to contracts of a legal or non-financial nature.

15.5 The Chief Finance Officer shall produce regular reports detailing actual and forecast service activity income with a detailed assessment of the impact of the variable elements of income and confirmation of compliance with procurement legislation, regulations and procedures.