



## STANDING ORDERS, RESERVATION AND DELEGATION of POWERS & STANDING FINANCIAL INSTRUCTIONS

Revised July 2013

Colour Coding Key	
<b>Yellow Highlight</b>	Changes Presented to Board in May 2013
<b>Blue Highlight</b>	Changes Presented to Board in May 2013
<b>Pink Highlight</b>	Name changes requested by Board eg Chair changed to Chairman, PCTs to CCGs (following Board in May 2013)
<b>Green Highlight</b>	New changes for Audit Committee for review in July 2013

## Foreword

Standing Orders (SOs) regulate the proceedings and business of the Trust and are part of its corporate governance arrangements. In addition, as part of accepted Codes of Conduct and Accountability arrangements, boards are expected to adopt schedules of reservation of powers and delegation of powers. These schedules are incorporated within the Trust's *Scheme of Delegation*.

These documents, together with Standing Financial Instructions, Standards of Business Conduct, Budgetary Control Procedures, the Fraud and Corruption Policy and the procedures for the Declaration of Interest provide a regulatory framework for the business conduct of the Trust. They fulfil the dual role of protecting the Trust's interests and protecting staff from possible accusation that they have acted less than properly.

The Standing Orders, Scheme of Delegation, Standing Financial Instructions and Budgetary Control Procedures provide a comprehensive business framework that can be applied to all activities, including those of the charitable Foundation. Members of the Board of Directors and all members of staff should be aware of the existence of and work to these documents.

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## SECTION A

### 1. INTERPRETATION AND DEFINITIONS FOR STANDING ORDERS AND STANDING FINANCIAL INSTRUCTIONS

- 1.1 Save as otherwise permitted by law, at any meeting the **Chairman** of the Trust shall be the final authority on the interpretation of Standing Orders (on which they should be advised by the Chief Executive or Secretary to the Board).
- 1.2 Any expression to which a meaning is given in the National Health Service Act 2006, National Health Service and Community Care Act 1990 and other Acts relating to the National Health Service or in the Financial Regulations made under the Acts shall have the same meaning in these Standing Orders and Standing Financial Instructions and in addition:
- 1.2.1 "**Accountable Officer**" means the NHS Officer responsible and accountable for funds entrusted to the Trust. The officer shall be responsible for ensuring the proper stewardship of public funds and assets. For this Trust it shall be the Chief Executive.
- 1.2.2 "**Trust**" means the Yorkshire Ambulance Service NHS Trust
- 1.2.3 "**Board**" means the **Chairman**, officer and non-officer members of the Trust collectively as a body.
- 1.2.4 "**Budget**" means a resource, expressed in financial terms, proposed by the Board for the purpose of carrying out, for a specific period, any or all of the functions of the Trust.
- 1.2.5 "**Budget holder**" means the director or employee with delegated authority to manage finances (Income and Expenditure and Capital) for a specific area of the organisation.
- 1.2.6 "**Chairman of the Board (or Trust)**" is the person appointed by the Secretary of State for Health to lead the Board and to ensure that it successfully discharges its overall responsibility for the Trust as a whole. The expression "the **Chairman** of the Trust" shall be deemed to include the **Deputy-Chairman** of the Trust if the **Chairman** is absent from the meeting or is otherwise unavailable.
- 1.2.7 "**Chief Executive**" means the chief officer of the Trust.
- 1.2.8 "**Quality Committee**" means a committee whose functions are concerned with the arrangements for the purpose of monitoring and improving the quality of healthcare for which the [name] Trust has responsibility.
- 1.2.9 "**Commissioning**" means the process for determining the need for and for obtaining the supply of healthcare and related services by the Trust within available resources.
- 1.2.10 "**Committee**" means a committee or sub-committee created and appointed by the Trust.
- 1.2.11 "**Committee members**" means persons formally appointed by the Board to sit on or to **Chairman** specific committees.
- 1.2.12 "**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.

- 1.2.13 **"Director of Finance & Performance"** means the Chief Financial Officer of the Trust.
- 1.2.14 **"Funds held on trust"** shall mean those funds which the Trust holds on date of incorporation, receives on distribution by statutory instrument or chooses subsequently to accept under powers derived under S.90 of the NHS Act 1977, as amended. Such funds may or may not be charitable.
- 1.2.15 **"Member"** means officer or non-officer member of the Board as the context permits. Member in relation to the Board does not include its **Chairman**.
- 1.2.16 **"Associate Member"** means a person appointed to perform specific statutory and non-statutory duties which have been delegated by the Trust Board for them to perform and these duties have been recorded in an appropriate Trust Board minute or other suitable record.
- 1.2.17 **"Membership, Procedure and Administration Arrangements Regulations"** means NHS Membership and Procedure Regulations (SI 1990/2024) and subsequent amendments.
- 1.2.18 **"Nominated officer"** means an officer charged with the responsibility for discharging specific tasks within Standing Orders and Standing Financial Instructions.
- 1.2.19 **"Non-officer member"** means a member of the Trust who is not an officer of the Trust and is not to be treated as an officer by virtue of regulation 1(3) of the Membership, Procedure and Administration Arrangements Regulations.
- 1.2.20 **"Officer"** means employee of the Trust or any other person holding a paid appointment or office with the Trust.
- 1.2.21 **"Officer member"** means a member of the Trust who is either an officer of the Trust or is to be treated as an officer by virtue of regulation 1(3) (i.e. the **Chairman** of the Trust or any person nominated by such a Committee for appointment as a Trust member).
- 1.2.22 **"Secretary"** means a person appointed to act independently of the Board to provide advice on corporate governance issues to the Board and the **Chairman** and monitor the Trust's compliance with the law, Standing Orders, and Department of Health guidance.
- 1.2.23 **"SFIs"** means Standing Financial Instructions.
- 1.2.24 **"SOs"** means Standing Orders.
- 1.2.25 **"Deputy-Chairman"** means the non-officer member appointed by the Board to take on the **Chairman's** duties if the **Chairman** is absent for any reason.

## **SECTION B – STANDING ORDERS**

### **1. INTRODUCTION**

#### **1.1 Statutory Framework**

The Yorkshire Ambulance Service NHS Trust (the Trust) is a statutory body which came into existence on 1<sup>st</sup> July 2006 under the name The Yorkshire Ambulance Service NHS Trust Establishment Order 2006 No. 1627

- (1) The principal place of business of the Trust is Trust Headquarters, Springhill 2, Brindley Way, WAKEFIELD, WF2 0XG.
- (2) NHS Trusts are governed by Act of Parliament, mainly the National Health Service Act 2006 (NHS Act 2006), the National Health Service and Community Care Act 1990 (NHS & CC Act 1990) as amended by the Health Authorities Act 1995 and the Health Act 1999.
- (3) The functions of the Trust are conferred by this legislation.
- (4) As a statutory body, the Trust has specified powers to contract in its own name and to act as a corporate trustee. In the latter role it is accountable to the Charity Commission for those funds deemed to be charitable as well as to the Secretary of State for Health.
- (5) The Trust also has statutory powers under Section 28A of the NHS Act 1977, as amended by the Health Act 1999, to fund projects jointly planned with local authorities, voluntary organisations and other bodies.
- (6) The Code of Accountability requires the Trust to adopt Standing Orders for the regulation of its proceedings and business. The Trust must also adopt Standing Financial Instructions (SFIs) as an integral part of Standing Orders setting out the responsibilities of individuals.
- (7) The Trust will also be bound by such other statutes and legal provisions which govern the conduct of its affairs.

#### **1.2 NHS Framework**

- (1) In addition to the statutory requirements the Secretary of State through the Department of Health issues further directions and guidance. These are normally issued under cover of a circular or letter.
- (2) The Code of Accountability requires that, inter alia, Boards draw up a schedule of decisions reserved to the Board, and ensure that management arrangements are in place to enable responsibility to be clearly delegated to senior executives (a scheme of delegation). The code also requires the establishment of audit and remuneration committees with formally agreed terms of reference. The Codes of Conduct makes various requirements concerning possible conflicts of interest of Board members.
- (3) The Code of Practice on Openness in the NHS sets out the requirements for public access to information on the NHS.

#### **1.3 Delegation of Powers**

The Trust has powers to delegate and make arrangements for delegation. The Standing Orders set out the detail of these arrangements. Under the Standing Order relating to the Arrangements for the Exercise of Functions (SO 5) the Trust is given powers to "make arrangements for the exercise, on behalf of the Trust of any of



their functions by a committee, sub-committee or joint committee appointed by virtue of Standing Order 4 or by an officer of the Trust, in each case subject to such restrictions and conditions as the Trust thinks fit or as the Secretary of State may direct". Delegated Powers are covered in a separate document (Reservation of Powers to the Board and Delegation of Powers). (See Section 1.8 and Appendix 2 of the Corporate Governance Framework Manual.) This document has effect as if incorporated into the Standing Orders. Delegated Powers are covered in a separate document entitled – 'Schedule of Matters reserved to the Board and Scheme of Delegation' and have effect as if incorporated into the Standing Orders and Standing Financial Instructions.

#### **1.4 Integrated Governance**

Trust Boards are now encouraged to develop integrated governance and to ensure that decision-making is informed by intelligent information covering the full range of corporate, financial, clinical, information and research governance and this will be incorporated in the Trust's Governance Strategy. Integrated governance better enables the Board to take a holistic view of the organisation and its capacity to meet its legal and statutory requirements and clinical, quality and financial objectives.

## **2. THE BOARD OF DIRECTORS**

### **2.1 Composition of the Board**

In accordance with the Membership, Procedure and Administration Arrangements regulations the composition of the Board shall be:

- (1) The **Chairman** of the Trust (Appointed by the **NHS Trust Development Authority**);
- (2) 5 non-officer members (appointed by the **NHS Trust Development Authority**); to include a Senior Independent Director.
- (3) 5 officer members (but not exceeding the number of non-officer members) including:
  - the Chief Executive;
  - the Director of Finance & Performance;

The Trust shall have up to 11 and not less than 8 members (unless otherwise determined by the Secretary of State for Health and set out in the Trust's Establishment Order or such other communication from the Secretary of State).

### **2.2 Appointment of **Chairman** and Non-Executive Directors**

Appointment of the **Chairman** and Members of the Trust - Paragraph 4 of Schedule 5A to the 1977 Act, as inserted by the Health Act 2009, provides that the **Chairman** is appointed by the Secretary of State, but otherwise the appointment and tenure of office of the **Chairman** and members are set out in the Membership, Procedure and Administration Arrangements Regulations.

### **2.3 Terms of Office of **Chairman** and Non-Executive Directors**

The regulations setting out the period of tenure of office of the **Chairman** and members and for the termination or suspension of office of the **Chairman** and members are contained in Sections 2 to 4 of the Membership, Procedure and Administration Arrangements and Administration Regulations.

## 2.4 Appointment and Powers of Deputy-Chairman

- (1) Subject to Standing Order 2.4 (2) below, the Chairman and members of the Trust may appoint one of their numbers, who is not also an officer member, to be Deputy-Chairman, for such period, not exceeding the remainder of his term as a member of the Trust, as they may specify on appointing him.
- (2) Any member so appointed may at any time resign from the office of Deputy-Chairman by giving notice in writing to the Chairman. The Chairman and members may thereupon appoint another member as Deputy-Chairman in accordance with the provisions of Standing Order 2.4 (1).
- (3) Where the Chairman of the Trust has died or has ceased to hold office, or where they have been unable to perform their duties as Chairman owing to illness or any other cause, the Deputy-Chairman shall act as Chairman until a new Chairman is appointed or the existing Chairman resumes their duties, as the case may be; and references to the Chairman in these Standing Orders shall, so long as there is no Chairman able to perform those duties, be taken to include references to the Deputy-Chairman.

## 2.5 Joint Directors

- (1) Where more than one person is appointed jointly to a post mentioned in regulation 2(4)(a) of the Membership, Procedure and Administration Arrangements Regulations those persons shall count for the purpose of Standing Order 2.1 as one person.
- (2) Where the office of a member of the Board is shared jointly by more than one person:
  - (a) either or both of those persons may attend or take part in meetings of the Board;
  - (b) if both are present at a meeting they should cast one vote if they agree;
  - (c) in the case of disagreements no vote should be cast;
  - (d) the presence of either or both of those persons should count as the presence of one person for the purposes of Standing Order 3.11 Quorum.

## 2.6 Function of the Board

The Board will function as a corporate decision-making body, Officer and Non-Officer Members will be full and equal members. Their role as members of the Board of Directors will be to consider the key strategic and managerial issues facing the Trust in carrying out its statutory and other functions.

### (1) Executive Members

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

### (2) Chief Executive

The Chief Executive shall be responsible for the overall performance of the executive functions of the Trust. He/she is the **Accountable Officer** for the Trust and shall be responsible for ensuring the discharge of obligations under Financial

Directions and in line with the requirements of the Accountable Officer Memorandum for Trust Chief Executives.

**(3) Director of Finance & Performance**

The Director of Finance & Performance shall be responsible for the provision of financial advice to the Trust and to its members and for the supervision of financial control and accounting systems. He/she shall be responsible along with the Chief Executive for ensuring the discharge of obligations under relevant Financial Directions.

**(4) Non-Executive Members**

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

**(5) Chairman**

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

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

The Chairman shall work in close harmony with the Chief Executive and shall ensure that key and appropriate issues are discussed by the Board in a timely manner with all the necessary information and advice being made available to the Board to inform the debate and ultimate resolutions.

**2.7 Corporate role of the Board**

- (1) All business shall be conducted in the name of the Trust.
- (2) All funds received in trust shall be held in the name of the Trust as corporate trustee.
- (3) The powers of the Trust established under statute shall be exercised by the Board meeting in public session except as otherwise provided for in Standing Order No. 3.
- (4) The Board shall define and regularly review the functions it exercises on behalf of the Secretary of State.
- (5) The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These powers and decisions are set out in the 'Schedule of Matters Reserved to the Board' and shall have effect as if incorporated into the Standing Orders. Those powers which it has delegated to officers and other bodies are contained in the Scheme of Delegation.
- (6) The Chairman will ensure that the designation of Lead roles or appointments of Board members as required by the Department of Health or as set out in any statutory or other guidance will be made in accordance with that guidance or statutory requirement (e.g. appointing a Lead Board Member with responsibilities for Infection Control or Child Protection Services etc.).

### **3. MEETINGS OF THE TRUST BOARD**

#### **3.1 Calling meetings**

- (1) Ordinary meetings of the Board shall be held at regular intervals at such times and places as the Board may determine.
- (2) The **Chairman** of the Trust may call a meeting of the Board at any time.
- (3) One third or more members of the Board may requisition a meeting in writing. If the **Chairman** refuses, or fails, to call a meeting within seven days of a requisition being presented, the members signing the requisition may forthwith call a meeting.

#### **3.2 Notice of Meetings**

- (1) Before each meeting of the Board a written notice specifying the business proposed to be transacted shall be delivered to every member, or sent by post to the usual place of residence of each member, so as to be available to members at least three clear days before the meeting. The notice shall be signed by the **Chairman** or by an officer authorised by the **Chairman** to sign on their behalf. Want of service of such a notice on any member shall not affect the validity of a meeting.
- (2) In the case of a meeting called by members in default of the **Chairman** calling the meeting, the notice shall be signed by those members.
- (3) No business shall be transacted at the meeting other than that specified on the agenda, or emergency motions allowed under Standing Order 3.6.
- (4) A member desiring a matter to be included on an agenda shall make his/her request in writing to the **Chairman** at least 15 clear days before the meeting. The request should state whether the item of business is proposed to be transacted in the presence of the public and should include appropriate supporting information. Requests made less than 15 days before a meeting may be included on the agenda at the discretion of the **Chairman**.
- (5) Before each meeting of the Board a public notice of the time and place of the meeting, and the public part of the agenda, shall be displayed at the Trust's principal offices at least three clear days before the meeting, (required by the Public Bodies (Admission to Meetings) Act 1960 Section 1 (4) (a)).

#### **3.3 Agendas**

The Agenda will be sent to members 6 working days before the meeting and supporting papers, whenever possible, shall accompany the agenda, but will certainly be dispatched no later than three clear days before the meeting, save in emergency.

#### **3.4 Petitions**

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

#### **3.5 Notice of Motion**

- (1) Subject to the provision of Standing Orders 3.7 'Motions: Procedure at and during a meeting' and 3.8 'Motions to rescind a resolution', a member of the Board wishing to

move a motion shall send a written notice to the Chief Executive who will ensure that it is brought to the immediate attention of the **Chairman**.

- (2) The notice shall be delivered at least 5 clear days before the meeting. The Chief Executive shall include in the agenda for the meeting all notices so received that are in order and permissible under governing regulations. This Standing Order shall not prevent any motion being withdrawn or moved without notice on any business mentioned on the agenda for the meeting.

### **3.6 Emergency Motions**

Subject to the agreement of the **Chairman**, and subject also to the provision of Standing Order 3.7 'Motions: Procedure at and during a meeting', a member of the Board may give written notice of an emergency motion after the issue of the notice of meeting and agenda, up to one hour before the time fixed for the meeting. The notice shall state the grounds of urgency. If in order, it shall be declared to the Trust Board at the commencement of the business of the meeting as an additional item included in the agenda. The **Chairman**'s decision to include the item shall be final.

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

#### **i) Who may propose**

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

#### **ii) Contents of motions**

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

- the reception of a report;
- consideration of any item of business before the Trust Board;
- the accuracy of minutes;
- that the Board proceed to next business;
- that the Board adjourn;
- that the question be now put.

#### **iii) Amendments to motions**

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

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

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

#### **iv) Rights of reply to motions**

##### **a) Amendments**

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

b) Substantive/original motion

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

v) **Withdrawing a motion**

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

vi) **Motions once under debate**

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

- an amendment to the motion;
- the adjournment of the discussion, or the meeting;
- that the meeting proceed to the next business;
- that the question should be now put;
- the appointment of an 'ad hoc' committee to deal with a specific item of business;
- that a member/director be not further heard;
- a motion under Section I (2) or Section I (8) of the Public Bodies (Admissions to Meetings) Act 1960 resolving to exclude the public, including the press (see Standing Order 3.17).

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

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

### **3.8 Motion to Rescind a Resolution**

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

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

### **3.9 Chair of meeting**

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

- (2) If the **Chairman** and **Deputy Chairman** are absent, such member (who is not also an Officer Member of the Trust) as the members present shall choose shall preside.

### **3.10 Chairman's ruling**

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

### **3.11 Quorum**

- (i) No business shall be transacted at a meeting unless at least one-third of the whole number of the **Chairman** and members (including at least one member who is also an Officer Member of the Trust and one member who is not) is present.
- (ii) An Officer in attendance for an Executive Director (Officer Member) but without formal acting up status may not count towards the quorum.
- (iii) If the **Chairman** or member has been disqualified from participating in the discussion on any matter and/or from voting on any resolution by reason of a declaration of a conflict of interest (see SO No.7) that person shall no longer count towards the quorum. If a quorum is then not available for the discussion and/or the passing of a resolution on any matter, that matter may not be discussed further or voted upon at that meeting. Such a position shall be recorded in the minutes of the meeting. The meeting must then proceed to the next business.

### **3.12 Voting**

- (i) Save as provided in Standing Orders 3.13 - Suspension of Standing Orders and 3.14 - Variation and Amendment of Standing Orders, every question put to a vote at a meeting shall be determined by a majority of the votes of members present and voting on the question. In the case of an equal vote, the person presiding (i.e.: the **Chairman** of the meeting) shall have a second, and casting vote.
- (ii) At the discretion of the **Chairman** all questions put to the vote shall be determined by oral expression or by a show of hands, unless the **Chairman** directs otherwise, or it is proposed, seconded and carried that a vote be taken by paper ballot.
- (iii) If at least one third of the members present so request, the voting on any question may be recorded so as to show how each member present voted or did not vote (except when conducted by paper ballot).
- (iv) If a member so requests, their vote shall be recorded by name.
- (v) In no circumstances may an absent member vote by proxy. Absence is defined as being absent at the time of the vote.
- (vi) A manager who has been formally appointed to act up for an Officer Member during a period of incapacity or temporarily to fill an Executive Director vacancy shall be entitled to exercise the voting rights of the Officer Member.
- (vii) A manager attending the Trust Board meeting to represent an Officer Member during a period of incapacity or temporary absence without formal

acting up status may not exercise the voting rights of the Officer Member. An Officer's status when attending a meeting shall be recorded in the minutes.

(viii) For the voting rules relating to joint members see Standing Order 2.5.

### **3.13 Suspension of Standing Orders**

- (i) Except where this would contravene any statutory provision or any direction made by the Secretary of State or the rules relating to the Quorum (SO 3.11), any one or more of the Standing Orders may be suspended at any meeting, provided that at least two-thirds of the whole number of the members of the Board are present (including at least one member who is an Officer Member of the Trust and one member who is not) and that at least two-thirds of those members present signify their agreement to such suspension. The reason for the suspension shall be recorded in the Trust Board's minutes.
- (ii) A separate record of matters discussed during the suspension of Standing Orders shall be made and shall be available to the **Chairman** and members of the Trust.
- (iii) No formal business may be transacted while Standing Orders are suspended.
- (iv) The Audit Committee shall review every decision to suspend Standing Orders.

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

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

- upon a notice of motion under Standing Order 3.5;
- upon a recommendation of the **Chairman** or Chief Executive included on the agenda for the meeting;
- that two thirds of the Board members are present at the meeting where the variation or amendment is being discussed, and that at least half of the Trust's Non-Officer members vote in favour of the amendment;
- providing that any variation or amendment does not contravene a statutory provision or direction made by the Secretary of State.

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

#### **(1) Power of the Secretary of State to make waivers**

Under regulation 11(2) of the NHS (Membership and Procedure Regulations SI 1999/2024 ("the Regulations"), there is a power for the Secretary of State to issue waivers if it appears to the Secretary of State in the interests of the health service that the disability in regulation 11 (which prevents a **Chairman** or a member from taking part in the consideration or discussion of, or voting on any question with respect to, a matter in which he has a pecuniary interest) is removed. A waiver has been agreed in line with sub-sections (2) to (4) below.

#### **(2) Definition of '**Chairman**' for the purpose of interpreting this waiver**

For the purposes of paragraph 3.15.3 (below), the "relevant **Chairman**" is –

- (a) at a meeting of the Trust, the **Chairman** of that Trust;
- (b) at a meeting of a Committee –



- (i) in a case where the member in question is the **Chairman** of that Committee, the **Chairman** of the Trust;
- (ii) in the case of any other member, the **Chairman** of that Committee.

(3) Application of waiver

A waiver will apply in relation to the disability to participate in the proceedings of the Trust on account of a pecuniary interest.

It will apply to:

- (i) A member of the Trust, who is a healthcare professional, within the meaning of regulation 5(5) of the Regulations, and who is providing or performing, or assisting in the provision or performance, of –
    - (a) services under the National Health Service Act 1977; or
    - (b) services in connection with a pilot scheme under the National Health Service Act 1997;for the benefit of persons for whom the Trust is responsible.
  - (ii) Where the 'pecuniary interest' of the member in the matter which is the subject of consideration at a meeting at which he is present:-
    - (a) arises by reason only of the member's role as such a professional providing or performing, or assisting in the provision or performance of, those services to those persons;
    - (b) has been declared by the relevant **Chairman** as an interest which cannot reasonably be regarded as an interest more substantial than that of the majority of other persons who:-
      - (i) are members of the same profession as the member in question,
      - (ii) are providing or performing, or assisting in the provision or performance of, such of those services as he provides or performs, or assists in the provision or performance of, for the benefit of persons for whom the Trust is responsible.
- (4) Conditions which apply to the waiver and the removal of having a pecuniary interest

The removal is subject to the following conditions:

- (a) the member must disclose his/her interest as soon as practicable after the commencement of the meeting and this must be recorded in the minutes;
- (b) the relevant **Chairman** must consult the Chief Executive before making a declaration in relation to the member in question pursuant to paragraph 3.15.3 (ii) (b) above, except where that member is the Chief Executive;
- (c) **in the case of a meeting of the Trust:**
  - (i) the member may take part in the consideration or discussion of the matter which must be subjected to a vote and the outcome recorded;

- (ii) may not vote on any question with respect to it.
- (d) **in the case of a meeting of the Committee:**
  - (i) the member may take part in the consideration or discussion of the matter which must be subjected to a vote and the outcome recorded;
  - (ii) may vote on any question with respect to it; but
  - (iii) the resolution which is subject to the vote must comprise a recommendation to, and be referred for approval by, the Trust Board.

### **3.16 Record of Attendance**

The names of the **Chairman** and Directors/members present at the meeting shall be recorded.

### **3.17 Minutes**

The minutes of the proceedings of a meeting shall be drawn up within 5 working days of the meeting and circulated for consideration and preliminary approval. These will be formally submitted for agreement at the next ensuing meeting where they shall be signed by the person presiding at it.

No discussion shall take place upon the minutes except upon their accuracy or where the **Chairman** considers discussion appropriate.

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

#### **(i) Admission and exclusion on grounds of confidentiality of business to be transacted**

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

- 'that representatives of the press, and other members of the public, be excluded from the remainder of this meeting having regard to the confidential nature of the business to be transacted, publicity on which would be prejudicial to the public interest', Section 1 (2), Public Bodies (Admission to Meetings) Act 1960
- *Guidance should be sought from the NHS Trust's Freedom of Information Lead to ensure correct procedure is followed on matters to be included in the exclusion.*

#### **(ii) General disturbances**

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

- That in the interests of public order the meeting adjourn for (the period to be specified) to enable the Trust Board to complete its business without

the presence of the public'. Section 1(8) Public Bodies (Admissions to Meetings) Act 1960.

(iii) **Business proposed to be transacted when the press and public have been excluded from a meeting**

Matters to be dealt with by the Trust Board following the exclusion of representatives of the press, and other members of the public, as provided in (i) and (ii) above, shall be confidential to the members of the Board.

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

(iv) **Use of Mechanical or Electrical Equipment for Recording or Transmission of Meetings**

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

**3.19 Observers at Trust meetings**

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

**4. COMMITTEES AND SUB-COMMITTEES**

**4.1 Appointment of Committees**

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

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

Where committees are authorised to establish sub-committees they may not delegate executive powers to the sub-committee unless expressly authorised by the Trust Board.

**4.2 Approval for Appointments to Committees**

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

**4.3 Appointments for Statutory functions**

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

#### **4.4 Joint Committees**

- (i) Joint committees may be appointed by the Trust by joining together with one or more other Trusts consisting of, wholly or partly of the **Chairman** and members of the Trust or other health service bodies, or wholly of persons who are not members of the Trust or other health bodies in question.
- (ii) Any committee or joint committee appointed under this Standing Order may, subject to such directions as may be given by the Secretary of State or the Trust or other health bodies in question, appoint sub-committees consisting wholly or partly of members of the committees or joint committee (whether or not they are members of the Trust or health bodies in question) or wholly of persons who are not members of the Trust or health bodies in question or the committee of the Trust or health bodies in question.

#### **4.5 Terms of Reference**

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

All Committees established by the Trust shall operate under the Standing Orders and Standing Financial Instructions of the Trust.

#### **4.6 Committees established by the Trust Board**

In line with the requirements of the NHS Audit Committee Handbook, NHS Codes of Conduct and Accountability, the Higgs report and the NHS Foundation Trust Code of Governance, the following committees, sub-committees, and joint-committees established by the Board are:

##### **4.6.1 Audit Committee**

The Committee will provide the Board with an independent and objective view on its system of internal control across the whole of the organisation's activities, reviewing the framework of risks, controls and related assurances that underpin the delivery of the Trust's objectives. The Terms of Reference are approved by the Trust Board and reviewed on a periodic basis.

The committee shall be appointed by the Board and consists of all the Non-Executive Directors, excluding the **Chairman** of YAS who shall not be a member.

##### **4.6.2 Finance & Investment Committee**

The Committee will undertake objective scrutiny of the Trust's financial performance, financial plans, investment policy and major investment decisions.

Review of the Trust's monthly financial performance will be primarily undertaken by the Trust Board and Trust Executive Group, although the Board may request that the Committee reviews specific aspects of financial performance where the Board requires additional scrutiny and assurance.

#### 4.6.3 **Quality Committee**

The purpose of the Quality Committee is to provide the Board with an objective and independent review of quality, to support the delivery of safety and excellence in patient care. This remit includes a focus on safety, clinical effectiveness and patient experience.

The Committee will enable the Board to obtain assurance that high standards of care are provided and that adequate and appropriate governance structures, processes and controls are in place throughout the Trust to:

- Promote safety, high quality patient care across all Trust departments
- Identify, prioritise and manage risk arising from clinical care
- Ensure the effective and efficient use of resources through evidence based clinical practice
- Ensure that the Trust is aligned to the statutory and regulatory requirements relating to quality and safety.
- Ensure effective supervision and education and training of the workforce
- Protect the health and safety of Trust employees.
- Ensure effective information governance across the Trust's functions

#### 4.6.4 **Remuneration and Terms of Service Committee**

The purpose of the Committee will be to advise the Trust Board about appropriate remuneration and terms of service for the Chief Executive and other Executive Directors including:

- (i) all aspects of salary (including any performance-related elements/bonuses);
- (ii) provisions for other benefits, including pensions and cars;
- (iii) arrangements for termination of employment and other contractual terms.

#### 4.6.5 **Charities Committee**

In line with its role as a corporate trustee for any funds held in trust, either as charitable or non-charitable funds, the Trust Board will establish a Charities Committee to administer those funds in accordance with any statutory or other legal requirements or best practice required by the Charities Commission.

The provisions of this Standing Order must be read in conjunction with Standing Order 2.7 and Standing Financial Instructions 14.8.

#### 4.6.6 **Other Committees**

The Board may also establish such other committees as required to discharge the Trust's responsibilities.

### **5. ARRANGEMENTS FOR THE EXERCISE OF TRUST FUNCTIONS BY DELEGATION**

**(also see Section 9 – Reservation and Scheme of Delegation)**

#### **5.1 Delegation of Functions to Committees, Officers or other bodies**

- 5.1.1 Subject to such directions as may be given by the Secretary of State, the Board may make arrangements for the exercise, on behalf of the Board, of any of its functions by a committee, sub-committee appointed by virtue of Standing Order 4, or by an officer of the Trust, or by another body as defined in Standing Order 5.1.2 below, in each case subject to such restrictions and conditions as the Trust thinks fit.
- 5.1.2 Section 16B of the NHS Act 1977 allows for regulations to provide for the functions of Trust's to be carried out by third parties. In accordance with The Trusts (Membership, Procedure and Administration Arrangements) Regulations 2000 the functions of the Trust may also be carried out in the following ways:
- (i) by another Trust;
  - (ii) jointly with any one or more of the following: NHS Trusts, Clinical Commissioning Groups (CCGs) or other health service bodies;
  - (iii) by arrangement with the appropriate Trust or CCG, by a joint committee or joint sub-committee of the Trust and one or more other health service bodies;
  - (iv) in relation to arrangements made under S63(1) of the Health Services and Public Health Act 1968, jointly with one or more other health service bodies, NHS Trust or CCG.
- 5.1.3 Where a function is delegated by these Regulations to another Trust, then that Trust or health service body exercises the function in its own right; the receiving Trust has responsibility to ensure that the proper delegation of the function is in place. In other situations, i.e. delegation to committees, sub-committees or officers, the Trust delegating the function retains full responsibility.

## 5.2 Emergency Powers and urgent decisions

The powers which the Board has reserved to itself within these Standing Orders (see Standing Order 2.7(5)) may in emergency or for an urgent decision be exercised by the Chief Executive and the Chairman after having consulted at least two non-officer members. The exercise of such powers by the Chief Executive and Chairman shall be reported to the next formal meeting of the Trust Board in public session for formal noting.

## 5.3 Delegation to Committees

- 5.3.1 The Board shall agree to the delegation of executive powers to be exercised by other committees, or sub-committees, or joint-committees, which it has formally constituted in accordance with directions issued by the Secretary of State. The constitution and terms of reference of these committees, or sub-committees, or joint committees, and their specific executive powers shall be approved by the Board in respect of its sub-committees.
- 5.3.2 When the Board is not meeting as the Trust in public session it shall operate as a committee and may only exercise such powers as may have been delegated to it by the Trust in public session.

## 5.4 Delegation to Officers

Those functions of the Trust which have not been retained as reserved by the Board or delegated to other committee or sub-committee or joint-committee shall be exercised on behalf of the Trust by the Chief Executive. The Chief Executive shall determine which functions he/she will perform personally and shall nominate officers to undertake the remaining functions for which he/she will still retain accountability to the Trust.

## **5.5 Scheme of Delegation**

- 5.5.1 The Chief Executive shall prepare a Scheme of Delegation identifying his/her proposals which shall be considered and approved by the Board. The Chief Executive may periodically propose amendment to the Scheme of Delegation which shall be considered and approved by the Board.
- 5.5.2 Nothing in the Scheme of Delegation shall impair the discharge of the direct accountability to the Board of the Director of Finance & Performance to provide information and advise the Board in accordance with statutory or Department of Health requirements. Outside these statutory requirements the roles of the Director of Finance & Performance shall be accountable to the Chief Executive for operational matters.
- 5.5.3 The arrangements made by the Board as set out in the "Schedule of Matters Reserved to the Board" and "Scheme of Delegation" of powers shall have effect as if incorporated in these Standing Orders.
- 5.5.4 If for any reason these Standing Orders are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance, shall be reported to the next formal meeting of the Board for action or ratification. All members of the Trust Board and staff have a duty to disclose any non-compliance with these Standing Orders to the Chief Executive as soon as possible.

## **5.6 Interaction with other policies & regulations**

### **5.6.1 Policy statements: general principles**

The Trust Board will from time to time agree and approve Policy statements/procedures which will apply to all or specific groups of staff employed by The Yorkshire Ambulance Service NHS Trust. The decisions to approve such policies and procedures will be recorded in an appropriate Trust Board minute and will be deemed where appropriate to be an integral part of the Trust's Standing Orders and Standing Financial Instructions.

### **5.6.2 Specific Policy statements**

Notwithstanding the application of SO 5.6.1 above, these Standing Orders and Standing Financial Instructions must be read in conjunction with the following Policy statements:

- the Standards of Business Conduct and Conflicts of Interest Policy for the Yorkshire Ambulance Service NHS Trust staff;
- the staff Disciplinary and Appeals Procedures adopted by the Trust both of which shall have effect as if incorporated in these Standing Orders.

### **5.6.3 Standing Financial Instructions**

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

### **5.6.4 Specific guidance**

Notwithstanding the application of SO 5.6.1 above, these Standing Orders and Standing Financial Instructions must be read in conjunction with the following guidance and any other issued by the Secretary of State for Health:

- Caldicott Guardian 1997;
- Human Rights Act 1998;
- Freedom of Information Act 2000.

## 6. DECLARATION AND REGISTER OF INTERESTS

### 6.1 Declaration of Interests

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

### 6.2 Interests which are relevant and material

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

**If Board members have any doubt about the relevance of an interest, this should be discussed with the **Chairman** of the Trust or with the Trust's Company Secretary.**

Financial Reporting Standard No 8 (issued by the Accounting Standards Board) specifies that influence rather than the immediacy of the relationship is more important in assessing the relevance of an interest. The interests of partners in professional partnerships including general practitioners should also be considered.



### **6.3. Disclosure of Interests**

#### *Recording of Interests in Trust Board minutes*

At the time Board members' interests are declared, they should be recorded in the Trust Board minutes.

Any changes in interests should be declared at the next Trust Board meeting following the change occurring and recorded in the minutes of that meeting.

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

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

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

During the course of a Trust Board meeting, if a conflict of interest is established, the Board member concerned should withdraw from the meeting and play no part in the relevant discussion or decision. (See overlap with SO 6.5)

### **6.4 Register of Interests**

6.4.1 The Chief Executive will ensure that a Register of Interests is established to record formally declarations of interests of Board or Committee members. In particular the Register will include details of all directorships and other relevant and material interests (as defined in SO 6.2) which have been declared by both executive and non-executive Trust Board members.

6.4.2 These details will be kept up to date by means of an annual review of the Register in which any changes to interests declared during the preceding twelve months will be incorporated.

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

### **6.5 Exclusion from proceedings on account of pecuniary interest**

#### **6.5.1 Definition of terms used in interpreting 'Pecuniary' interest**

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

- (i) "spouse" shall include any person who lives with another person in the same household (and any pecuniary interest of one spouse shall, if known to the other spouse, be deemed to be an interest of that other spouse);
- (ii) "contract" shall include any proposed contract or other course of dealing.
- (iii) "Pecuniary interest"  
Subject to the exceptions set out in this Standing Order, a person shall be treated as having an indirect pecuniary interest in a contract if:-
  - a) he/she, or a nominee of his/her, is a member of a company or other body (not being a public body), with which the contract is made, or to be made or which has a direct pecuniary interest in the same, or

- b) he/she is a partner, associate or employee of any person with whom the contract is made or to be made or who has a direct pecuniary interest in the same.

iv) Exception to Pecuniary interests

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

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

Provided, however, that where paragraph (c) above applies the person shall nevertheless be obliged to disclose/declare their interest in accordance with Standing Order 6.2.

**6.5.2 Exclusion in proceedings of the Trust Board**

- (i) Subject to the following provisions of this Standing Order, if the **Chairman** or a member of the Trust Board has any pecuniary interest, direct or indirect, in any contract, proposed contract or other matter and is present at a meeting of the Trust Board at which the contract or other matter is the subject of consideration, they shall at the meeting and as soon as practicable after its commencement disclose the fact and shall not take part in the consideration or discussion of the contract or other matter or vote on any question with respect to it.
- (ii) The Secretary of State may, subject to such conditions as he/she may think fit to impose, remove any disability imposed by this Standing Order in any case in which it appears to him/her in the interests of the National Health Service that the disability should be removed. (See SO 3.15 on the 'Waiver' which has been approved by the Secretary of State for Health).
- (iii) The Trust Board may exclude the **Chairman** or a member of the Board from a meeting of the Board while any contract, proposed contract or other matter in which he/she has a pecuniary interest is under consideration.
- (iv) Any remuneration, compensation or allowance payable to the **Chairman** or a Member by virtue of paragraph 11 of Schedule 5A to the National Health Service Act 1977 (pay and allowances) shall not be treated as a pecuniary interest for the purpose of this Standing Order.
- (v) This Standing Order applies to a committee or sub-committee and to a joint committee or sub-committee as it applies to the Trust and applies to a member of any such committee or sub-committee (whether or not he/she is also a member of the Trust) as it applies to a member of the Trust.

## **7. STANDARDS OF BUSINESS CONDUCT**

All Trust staff and members of must comply with the Trust's Standards of Business Conduct and Conflicts of Interest Policy and the national guidance contained in HSG(93)5 on 'Standards of Business Conduct for NHS staff' (see SO 5.6.2).

### **7.1 Interest of Officers in Contracts**

- i) Any officer or employee of the Trust who comes to know that the Trust has entered into or proposes to enter into a contract in which he/she or any person connected with him/her (as defined in SO 6.5.2) has any pecuniary interest, direct or indirect, the Officer shall declare their interest by giving notice in writing of such fact to the Chief Executive or Trust's Company Secretary as soon as practicable.
- ii) An Officer should also declare to the Chief Executive any other employment or business or other relationship of his/her, or of a cohabiting spouse, that conflicts, or might reasonably be predicted could conflict with the interests of the Trust.
- iii) The Trust will require interests, employment or relationships so declared to be entered in a register of interests of staff.

### **7.2 Canvassing of and Recommendations by Members in Relation to Appointments**

- i) Canvassing of members of the Trust or of any Committee of the Trust directly or indirectly for any appointment under the Trust shall disqualify the candidate for such appointment. The contents of this paragraph of the Standing Order shall be included in application forms or otherwise brought to the attention of candidates.
- ii) Members of the Trust shall not solicit for any person any appointment under the Trust or recommend any person for such appointment; but this paragraph of this Standing Order shall not preclude a member from giving written testimonial of a candidate's ability, experience or character for submission to the Trust.

### **7.3 Relatives of Members or Officers**

- i) Candidates for any staff appointment under the Trust shall, when making an application, disclose in writing to the Trust whether they are related to any member or the holder of any office under the Trust. Failure to disclose such a relationship shall disqualify a candidate and, if appointed, render him liable to instant dismissal.
- ii) The **Chairman** and every member and officer of the Trust shall disclose to the Trust Board any relationship between himself and a candidate of whose candidature that member or officer is aware. It shall be the duty of the Chief Executive to report to the Trust Board any such disclosure made.
- iii) On appointment, members (and prior to acceptance of an appointment in the case of Executive Directors) should disclose to the Trust whether they are related to any other member or holder of any office under the Trust.
- iv) Where the relationship to a member of the Trust is disclosed, the Standing Order headed 'Exclusion from proceedings on account of pecuniary interest' (SO 6.5) shall apply.

## **8. MISCELLANEOUS**

### **8.1 Trust Seal**

#### *Custody of Seal*

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

#### *Sealing of Documents*

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

#### *Register of Sealing*

The Chief Executive shall keep a register in which he/she, or another manager of the Authority authorised by him/her, shall enter a record of the sealing of every document.

### **8.2 Signature of documents**

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

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

### **8.3. Housekeeping**

#### *Standing Orders to be given to Directors and Officers*

It is the duty of the Chief Executive to ensure that existing directors and officers and all new appointees are notified of and understand their responsibilities within Standing Orders and Standing Financial Instructions. Updated copies shall be issued to staff designated by the Chief Executive. New designated officers shall be informed in writing and shall receive copies where appropriate of Standing Orders.

#### *Documents having the standing of Standing Orders*

Standing Financial Instructions and the Reservation of Powers to the Board of Directors and Scheme of Delegation shall have effect as if incorporated into Standing Orders.

#### *Review of Standing Orders*

Standing Orders shall be reviewed annually by the Board of Directors. The requirement for review extends to all documents having effect as if incorporated in Standing Orders.

#### *Accounting Officer*

The Accounting Officer is responsible for ensuring the proper stewardship of public funds and assets. For this Trust it shall be the Chief Executive.

## SECTION C - SCHEME OF RESERVATION AND DELEGATION

### 9. Reservations held by Board and Scheme of Delegation

REF	THE BOARD	DECISIONS RESERVED TO THE BOARD
	THE BOARD	<p><b>General Enabling Provision</b></p> <p>The Board may determine any matter, for which it has delegated or statutory authority, it wishes in full session within its statutory powers.</p>
	THE BOARD	<p><b>Regulations and Control</b></p> <ol style="list-style-type: none"> <li>1. Approve Standing Orders (SOs), a schedule of matters reserved to the Board and Standing Financial Instructions for the regulation of its proceedings and business.</li> <li>2. Suspend Standing Orders.</li> <li>3. Vary or amend the Standing Orders.</li> <li>4. Ratify any urgent decisions taken by the <b>Chairman</b> and Chief Executive in public session in accordance with SO 5.2</li> <li>5. Approve a scheme of delegation of powers from the Board to committees.</li> <li>6. Require and receive the declaration of Board members' interests that may conflict with those of the Trust and determining the extent to which that member may remain involved with the matter under consideration.</li> <li>7. Require and receive the declaration of officers' interests that may conflict with those of the Trust.</li> <li>8. Approve arrangements for dealing with complaints.</li> <li>9. Adopt the organisation structures, processes and procedures to facilitate the discharge of business by the Trust and to agree modifications thereto.</li> <li>10. Receive reports from committees including those that the Trust is required by the Secretary of State or other regulation to establish and to take appropriate action on.</li> <li>11. Confirm the recommendations of the Trust's committees where the committees do not have executive powers.</li> <li>12. Approve arrangements relating to the discharge of the Trust's responsibilities as a corporate trustee for funds held on trust.</li> <li>13. Establish terms of reference and reporting arrangements of all committees and sub-committees that are established by the Board.</li> <li>14. Approve arrangements relating to the discharge of the Trust's responsibilities as a bailer for patients'</li> </ol>

REF	THE BOARD	DECISIONS RESERVED TO THE BOARD
		<p>property.</p> <p>15. Authorise use of the seal.</p> <p>16. Ratify or otherwise instances of failure to comply with Standing Orders brought to the Chief Executive's attention in accordance with SO 5.5.3.</p> <p>17. Discipline members of the Board or employees who are in breach of statutory requirements or SOs.</p>
	THE BOARD	<p><b>Appointments/ Dismissal</b></p> <p>1. Appoint the Deputy Chairman of the Board.</p> <p>2. Appoint and dismiss committees (and individual members) that are directly accountable to the Board.</p> <p>3. Appoint, appraise, discipline and dismiss Executive Directors (subject to SO 2.2).</p> <p>4. Confirm appointment of members of any committee of the Trust as representatives on outside bodies.</p> <p>5. Appoint, appraise, discipline and dismiss the Secretary (if the appointment of a Secretary is required under Standing Orders).</p> <p>6. Approve proposals of the Remuneration Committee regarding directors and senior employees and those of the Chief Executive for staff not covered by the Remuneration Committee.</p>
	THE BOARD	<p><b>Strategy, Plans and Budgets</b></p> <p>1. Define the strategic aims and objectives of the Trust.</p> <p>2. Approve proposals for ensuring quality and developing clinical governance in services provided by the Trust, having regard to any guidance issued by the Secretary of State.</p> <p>3. Approve the Trust's policies and procedures for the management of risk.</p> <p>4. Approve Outline and Final Business Cases for Capital Investment and Service Developments</p> <p>5. Approve budgets.</p> <p>6. Approve annually Trust's proposed organisational development proposals.</p> <p>7. Ratify proposals for acquisition, disposal or change of use of land and/or buildings.</p> <p>8. Approve PFI proposals.</p> <p>9. Approve the opening of bank accounts.</p> <p>10. Approve proposals on individual contracts (other than NHS contracts) of a capital or revenue nature amounting to, or likely to amount to over £500,000 over a 3 year period or the period of the contract if longer.</p>

REF	THE BOARD	DECISIONS RESERVED TO THE BOARD
		11. Approve proposals in individual cases for the write off of losses or making of special payments above the limits of delegation to the Chief Executive and Director of Finance & Performance (for losses and special payments) previously approved by the Board. 12. Approve individual compensation payments. 13. Approve proposals for action on litigation against or on behalf of the Trust where the quantum exceeds the delegated budget authority of the Chief Executive. 14. Review use of NHSLA risk pooling schemes (LPST/CNST/RPST).
	THE BOARD	<b>Policy Determination</b>  1. Approve management policies including personnel policies incorporating the arrangements for the appointment, removal and remuneration of staff. Policies so adopted shall be listed and appended to this document [by the Secretary]
	THE BOARD	<b>Audit</b>  1. <i>Approve the appointment (and where necessary dismissal) of External Auditors and advise the Audit Commission on the appointment. Approval of external auditors' arrangements for the separate audit of funds held on trust, and the submission of reports to the Audit Committee meetings who will take appropriate action.</i> 2. Receive the annual management letter received from the external auditor and agreement of proposed action, taking account of the advice, where appropriate, of the Audit Committee. 3. Receive an annual report from the Internal Auditor and agree action on recommendations where appropriate of the Audit Committee.
	THE BOARD	<b>Annual Reports and Accounts</b>  1. Receipt and approval of the Trust's Annual Report and Annual Accounts. 2. Receipt and approval of the Annual Report and Accounts for funds held on trust.
	THE BOARD	<b>Monitoring</b>  1. Receive such reports as the Board sees fit from committees in respect of their exercise of powers

REF	THE BOARD	DECISIONS RESERVED TO THE BOARD
		<p>delegated.</p> <p>2. Continuous appraisal of the affairs of the Trust by means of the provision to the Board as the Board may require from directors, committees, and officers of the Trust as set out in management policy statements. All monitoring returns required by the Department of Health and the Charity Commission shall be reported, at least in summary, to the Board.</p> <p>3. Receive reports from DoF on financial performance against budget and Trust Financial Plan. Receive reports from CE on actual and forecast income from contracts and SLAs.</p>

***DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES***

REF	COMMITTEE	DECISIONS/DUTIES DELEGATED BY THE BOARD TO SUB-COMMITTEES
SFI 11.1.1	AUDIT COMMITTEE	<p>The Committee:</p> <ol style="list-style-type: none"> <li>1. Shall review the establishment and maintenance of an effective system of integrated 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.</li> <li>2. Shall ensure that there is an effective internal audit function that meets the mandatory NHS Internal Audit Standards and provides appropriate independent assurance to the Chief Executive, Audit Committee and Board.</li> <li>3. Shall review the work and findings of the external auditors and consider the implications and management's responses to their work.</li> <li>4. Review the work of other committees within the organisation whose work can provide relevant assurance to the Audit Committee's own scope of work. (This will, in particular, include the review of assurances provided to the Committee by the Quality Committee and the Finance &amp; Investment Committee).</li> <li>5. Shall review the findings of other significant assurance functions, both internal and external to the organisation and consider the implications for the governance of the organisation. ie. any reviews by the Department of Health Arms Length Bodies or Regulators/Inspectors (eg. The Care Quality Commission, NHS Litigation Authority, Monitor) or Professional Bodies with the responsibility for the performance of</li> </ol>



REF	COMMITTEE	DECISIONS/DUTIES DELEGATED BY THE BOARD TO SUB-COMMITTEES
		<p>staff eg Royal Colleges, accreditation bodies etc.</p> <p>6. Shall satisfy itself that the organisation has adequate arrangements in place for countering fraud and shall review the outcomes of counter fraud work.</p> <p>7. Shall monitor the integrity of the financial statements of the Trust and any formal announcement relating to the Trust's financial performance.</p> <p>8. Shall ensure that systems for financial reporting to the Board, including those of budgetary control, are subject to review as to the completeness and accuracy of the information provided to the Board. (A primary source of assurance in this regard shall be the Finance and Investment Committee).</p> <p>9. Review the Annual Report and Financial Statements before submission to the Board.</p> <p>10. Shall review the statements contained within the Quality Account, together with review of associated external audit assurance, opinion as directed by Monitor.</p> <p>11. Seek assurance regarding compliance with Standing Orders and Standing Financial Instructions and consider any proposed changes to Standing Orders and Standing Financial Instructions prior to presentation at the Board</p> <p>12. Review schedules of losses and special payments and make recommendations to the Board</p> <p>13. Review retrospectively every decision to suspend Standing Orders</p> <p>14. At least once every 12 months, review the Register of Members Interests maintained by the Chief Executive</p> <p>15. If so directed by the Board, conduct a detailed review of annual or period budgets including proformas prepared for the DH, but these are to be returned to the Board for approval</p> <p>16. Receive reports from the Charitable Funds Committee regarding governance, risk management, control, audit and financial reporting matters.</p> <p>17. Shall review the adequacy and effectiveness of all risk and control related disclosure statements (in particular the Annual Governance Statement, Board memoranda and self certification statement to the Regulator, declarations of compliance with Essential Standard of Quality and Safety)</p> <p>18. Other general matters may be considered only when directed to do so by the Board.</p>

REF	COMMITTEE	DECISIONS/DUTIES DELEGATED BY THE BOARD TO SUB-COMMITTEES
SFI 12.3.2	REMUNERATION AND TERMS OF REFERENCE COMMITTEE	<p>The Committee will:</p> <ol style="list-style-type: none"> <li>1. Advise the Board about appropriate remuneration and terms of service for the Chief Executive, other Executive Directors and other senior employees including:</li> <li>2. All aspects of salary (including any performance-related elements/bonuses);</li> <li>3. Provisions for other benefits, including pensions and cars;</li> <li>4. Arrangements for termination of employment and other contractual terms;</li> <li>5. Make recommendations to the Board on the remuneration and terms of service of executive directors and senior employees to ensure they are fairly rewarded for their individual contribution to the Trust - having proper regard to the Trust's circumstances and performance and to the provisions of any national arrangements for such staff;</li> <li>6. Monitor and evaluate the performance of individual officer members (and other senior employees)</li> <li>7. Proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate, advise on and oversee appropriate contractual arrangements for such staff;</li> <li>8. The Committee shall report in writing to the Board the basis for its recommendations.</li> </ol>
	FINANCE & INVESTMENT COMMITTEE	<p>The Finance and Investment Committee will:</p> <ol style="list-style-type: none"> <li>1. Consider the Trusts medium term financial strategy, in relation to both revenue and capital;</li> <li>2. To review the setting of the annual budgets including the capital programme.</li> <li>3. To monitor in year financial performance and in particular to scrutinise any significant variances from budget.</li> <li>4. Review proposals for major business cases and tenders between £250k and £500k and recommend for approval at the Trust Board those in excess of £500k and their respective funding sources.</li> <li>5. To receive and consider as appropriate reports on 'commercial' activities of the Trust.</li> <li>6. To approve and keep under review, on behalf of the Board of Directors, the Trusts Investment Policy.</li> <li>7. To receive and consider major Trust Business &amp; Investment Plans and maintain oversight of the Trusts investments, ensuring compliance with the Trusts policy and Monitor requirements.</li> <li>8. Review and make recommendations to the Board about any innovative, commercial or investment activity, e.g. proposed joint ventures.</li> <li>9. Monitor compliance with Treasury Procedures</li> <li>10. To scrutinise the content and delivery of the Trust cost improvement and CQUINS programme.</li> <li>11. To monitor and make recommendations as necessary on the adequacy of the Trusts financial performance reporting.</li> </ol>

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REF	COMMITTEE	DECISIONS/DUTIES DELEGATED BY THE BOARD TO SUB-COMMITTEES
		12. To scrutinise on behalf of the board, the content and delivery of the Trusts Cost improvement Programme. 13. To make arrangements as necessary, to ensure that all members of the Board and senior officers of the Trust maintain an appropriate level of knowledge and understanding of key financial issues affecting the Trust. 14. To examine any other matter referred to the Committee by the Board of Directors or Council of Governors. 15. To review performance indicators relevant to the remit of the committee.
	QUALITY COMMITTEE	The committee will: <ol style="list-style-type: none"> <li>1. Review the structures, systems and processes for clinical governance and quality, workforce development and information governance and to consider current and future risks to quality and safety.</li> <li>2. Review and monitor delivery of the Trust Clinical Quality Strategy and its supporting implementation plans relating to safety, clinical audit and effectiveness and patient experience.</li> <li>3. Review and agree the draft Trust Quality Account prior to recommendation to the Trust Board, and to monitor delivery of the Quality Account priorities.</li> <li>4. Review reports about compliance with external quality standards, including the Essential Standards of Quality and Safety, NHS Litigation Authority standards, Health and Safety legislation and regulation, and to review the adequacy of relevant Trust disclosure statement prior to endorsement by the Board.</li> <li>5. Review the effectiveness of systems for reporting, investigation and learning from incidents, complaints and concerns, claims, Coroners' inquests and other adverse events.</li> <li>6. Review the management of and learning from all significant adverse events.</li> <li>7. Promote a culture of openness and honest reporting and to gain assurance on implementation of the Trust Being Open policy.</li> <li>8. Review progress and key risks in relation to delivery of the Trust CQUIN schemes and other contractual quality requirements.</li> <li>9. Review and gain assurance on processes for quality impact assessment of Trust developments and cost improvement schemes.</li> <li>10. Review Trust quality and workforce indicators to aid continuing improvement of quality.</li> </ol>

REF	COMMITTEE	DECISIONS/DUTIES DELEGATED BY THE BOARD TO SUB-COMMITTEES
		<p>11. Review the effectiveness of Trust safeguarding arrangements.</p> <p>12. Review the effectiveness of infection, prevention and control arrangements.</p> <p>13. Review the effectiveness of information governance policies and procedures, including the requirements of the Caldecott Guidelines, Data Protection Act 1998 and compliance with the Information Governance Toolkit.</p> <p>14. Review and monitor implementation of the Workforce Strategy.</p> <p>15. Review the effectiveness of workforce policies and procedures.</p> <p>16. Review relevant internal and external reports, reviews and enquiries, in order to support the development of quality within the Trust.</p> <p>17. Examine any other matter referred to the Committee by the Board of Directors or Council of Governors</p> <p>18. To scrutinise key risks relating to the remit of the Committee and mitigations for the organisation. To report to the Audit Committee and provide assurance to the Trust Board on the adequacy of control and mitigation against such risks.</p> <p>19. Make recommendations to the Audit Committee concerning the annual programme of Internal Audit work and to work with the Audit Committee to ensure effective scrutiny of the risks and systems of internal control related to matters of quality and safety.</p>
	<p>CHARITIES COMMITTEE</p>	<p>The Charities Committee is a sub-committee of the Board. It will ensure that funds held on Trust are administered appropriately.</p> <p>1 To ensure that the Trust policies and procedures for charitable funds investments are followed.</p> <p>2 To make decisions involving the sound investment of the charitable funds in a way which both preserves their capital value and produces a proper return consistent with prudent investment and ensuring compliance with:</p> <ul style="list-style-type: none"> <li>• Trustee Act 2000</li> <li>• The Charities Act 2011</li> </ul> <p>3 To receive at least three times a year reports on the investment decisions of funds and balances held.</p> <p>4 To oversee and monitor the functions performed by the Executive Director of Finance and Performance as defined in Standing Financial Instructions.</p> <p>5 To receive reports from the Executive Director of Finance and Performance or their Deputy, of authorised expenditure up to the value of £2,500 and requests for expenditure that has been</p>

REF	COMMITTEE	DECISIONS/DUTIES DELEGATED BY THE BOARD TO SUB-COMMITTEES
		<p>refused.</p> <p>6 To approve all individual charitable fund expenditure in excess of £2,500. Expenditure over £50,000 must be approved by the Trust Board.</p> <p>7 To make recommendations to the Trust Board as appropriate.</p> <p>8 Review the Annual Financial Statement of Funds held on Trust before submission to the Trust Board, ensuring compliance with Department of Health and Charity Commission guidance on fund raising and accounting for all funds held on trust.</p> <p>9 Determine policies for Investment, Reserves and Disbursement of the Charitable Funds held on trust.</p> <p>10 To appoint and monitor progress of a Fund Raising Committee.</p> <p>11 To ensure that funds held on trust are monitored appropriately and audited at least annually.</p> <p>12 To investigate any activity within its Terms of Reference.</p> <p>13 It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by that committee.</p> <p>14 To obtain outside legal or other professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.</p>

**SCHEME OF DELEGATION DERIVED FROM THE ACCOUNTABLE OFFICER MEMORANDUM**

REF	DELEGATED TO	DUTIES
SO 2.6	CHIEF EXECUTIVE	Accountable through NHS Accounting Officer to Parliament for stewardship of Trust resources

REF	DELEGATED TO	DUTIES
	(CE)	
SO 2.6	CE AND DIRECTOR OF FINANCE & PERFORMANCE (DOF)	Ensure the accounts of the Trust are prepared under principles and in a format directed by the SofS. Accounts must disclose a true and fair view of the Trust's income and expenditure and its state of affairs. Sign the accounts on behalf of the Board.
SFI 10.2.4	CHIEF EXECUTIVE	Sign a statement in the accounts outlining responsibilities as the Accountable Officer. Sign a statement in the accounts outlining responsibilities in respect of Internal Control.
SFI 10.2	CHIEF EXECUTIVE	<i>Ensure effective management systems that safeguard public funds and assist the Trust <b>Chairman</b> to implement requirements of corporate governance including ensuring managers:</i> <ul style="list-style-type: none"> <li>• “have a clear view of their objectives and the means to assess achievements in relation to those objectives</li> <li>• be assigned well defined responsibilities for making best use of resources</li> <li>• have the information, training and access to the expert advice they need to exercise their responsibilities effectively.”</li> </ul>
	<b>CHAIRMAN</b>	Implement requirements of corporate governance.
SFI 10.2	CHIEF EXECUTIVE	Achieve value for money from the resources available to the Trust and avoid waste and extravagance in the organisation's activities. Follow through the implementation of any recommendations affecting good practice as set out on reports from such bodies as the Audit Commission and the National Audit Office (NAO).
SFI 10.2	DIRECTOR OF FINANCE & PERFORMANCE	Operational responsibility for effective and sound financial management and information.
SFI 10.2	CHIEF EXECUTIVE	Primary duty to see that DoF discharges this function.
	CHIEF EXECUTIVE	Ensuring that expenditure by the Trust complies with Parliamentary requirements.
	CHIEF EXECUTIVE AND DIRECTOR OF FINANCE	Chief Executive, supported by Director of Finance & Performance, to ensure appropriate advice is given to the Board on all matters of probity, regularity, prudent and economical administration, efficiency and

REF	DELEGATED TO	DUTIES
	& PERFORMANCE	effectiveness.
	CHIEF EXECUTIVE	If Chief Executive (CE) considers the Board or Chairman is doing something that might infringe probity or regularity, he should set this out in writing to the Chairman and the Board. If the matter is unresolved, he/she should ask the Audit Committee to inquire and if necessary the Trust Development Authority (TDA) and Department of Health.
	CHIEF EXECUTIVE	If the Board is contemplating a course of action that raises an issue not of formal propriety or regularity but affects the CE's responsibility for value for money, the CE should draw the relevant factors to the attention of the Board. If the outcome is that you are overruled it is normally sufficient to ensure that your advice and the overruling of it are clearly apparent from the papers. Exceptionally, the CE should inform the Trust Development Authority and the DH. In such cases, the CE should as a member of the Board vote against the course of action rather than merely abstain from voting.

**SCHEME OF DELEGATION DERIVED FROM THE CODES OF CONDUCT AND ACCOUNTABILITY**

REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
	BOARD	Approve procedure for declaration of hospitality and sponsorship.
	BOARD	Ensure proper and widely publicised procedures for voicing complaints, concerns about misadministration, breaches of Code of Conduct, and other ethical concerns.
	ALL BOARD MEMBERS	Subscribe to Code of Conduct and Nolan Principles
SO 2.6	BOARD	Board members share corporate responsibility for all decisions of the Board.
SO 2.6	CHAIRMAN AND NON EXECUTIVE/OFFICER MEMBERS	Chairman and non-officer members are responsible for monitoring the executive management of the organisation and are responsible to the SofS for the discharge of those responsibilities.
	BOARD	<p>The Board has six key functions for which it is held accountable by the Department of Health on behalf of the Secretary of State:</p> <ol style="list-style-type: none"> <li>1. to ensure effective financial stewardship through value for money, financial control and financial planning and strategy;</li> <li>2. to ensure that high standards of corporate governance and personal behaviour are maintained in the conduct of the business of the whole organisation;</li> <li>3. to appoint, appraise and remunerate senior executives;</li> <li>4. to ratify the strategic direction of the organisation within the overall policies and priorities of the Government and the NHS, define its annual and longer term objectives and agree plans to achieve them;</li> <li>5. to oversee the delivery of planned results by monitoring performance against objectives and ensuring corrective action is taken when necessary;</li> <li>6. to ensure effective dialogue between the organisation and the local community on its plans and performance and that these are responsive to the community's needs.</li> </ol>
	BOARD	<p>It is the Board's duty to:</p> <ol style="list-style-type: none"> <li>1. act within statutory financial and other constraints;</li> </ol>



REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
		<ol style="list-style-type: none"> <li>2. be clear what decisions and information are appropriate to the Board and draw up Standing Orders, a schedule of decisions reserved to the Board and Standing Financial Instructions to reflect these,</li> <li>3. ensure that management arrangements are in place to enable responsibility to be clearly delegated to senior executives for the main programmes of action and for performance against programmes to be monitored and senior executives held to account;</li> <li>4. establish performance and quality measures that maintain the effective use of resources and provide value for money;</li> <li>5. specify its requirements in organising and presenting financial and other information succinctly and efficiently to ensure the Board can fully undertake its responsibilities;</li> <li>6. establish Audit and Remuneration Committees on the basis of formally agreed terms of reference that set out the membership of the sub-committee, the limit to their powers, and the arrangements for reporting back to the main Board.</li> </ol>
	CHAIRMAN	<p>It is the <b>Chairman</b>'s role to:</p> <ol style="list-style-type: none"> <li>1. provide leadership to the Board;</li> <li>2. enable all Board members to make a full contribution to the Board's affairs and ensure that the Board acts as a team;</li> <li>3. ensure that key and appropriate issues are discussed by the Board in a timely manner,</li> <li>4. ensure the Board has adequate support and is provided efficiently with all the necessary data on which to base informed decisions;</li> <li>5. lead Non-Executive Board members through a formally-appointed Remuneration Committee of the main Board on the appointment, appraisal and remuneration of the Chief Executive and (with the latter) other Executive Board members;</li> <li>6. appoint Non-Executive Board members to an Audit Committee of the main Board;</li> <li>7. advise the Secretary of State on the performance of Non-Executive Board members.</li> </ol>
	CHIEF EXECUTIVE	<p>The Chief Executive is accountable to the <b>Chairman</b> and Non-Executive members of the Board for ensuring that its decisions are implemented, that the organisation works effectively, in accordance with Government policy and public service values and for the maintenance of proper financial stewardship. The Chief Executive should be allowed full scope, within clearly defined delegated powers, for action in fulfilling the decisions of the Board.</p> <p>The other duties of the Chief Executive as Accountable Officer are laid out in the Accountable Officer</p>

REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
		Memorandum.
	NON EXECUTIVE DIRECTORS	Non-Executive Directors are appointed by NHS Trust Development Authority to bring independent judgement to bear on issues of strategy, performance, key appointments and accountability through the Department of Health to Ministers and to the local community.
	SENIOR INDEPENDENT DIRECTOR	The Board of Directors should appoint one of the Non-Executive Directors to be the Senior Independent in consultation with the Members Council. The Senior Independent Director could be the Deputy Chairman.
	CHAIRMAN AND DIRECTORS	Declaration of conflict of interests.
	BOARD	NHS Boards must comply with legislation and guidance issued by the Department of Health on behalf of the Secretary of State, respect agreements entered into by themselves or in on their behalf and establish terms and conditions of service that are fair to the staff and represent good value for taxpayers' money.

## SCHEME OF DELEGATION FROM STANDING ORDERS

SO REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
1.1	CHAIRMAN	Final authority in interpretation of Standing Orders (SOs).
2.4	BOARD	Appointment of Deputy Chairman
3.1	CHAIRMAN	Call meetings.
3.9	CHAIRMAN	Chairman all Board meetings and associated responsibilities.
3.10	CHAIRMAN	Give final ruling in questions of order, relevancy and regularity of meetings.
3.12	CHAIRMAN	Having a second or casting vote
3.13	BOARD	Suspension of Standing Orders
3.13	AUDIT COMMITTEE	Audit Committee to review every decision to suspend Standing Orders (power to suspend Standing Orders is reserved to the Board)
3.14	BOARD	<i>Variation or amendment of Standing Orders</i>
4 and 5	BOARD	Formal delegation of powers to sub committees or joint committees and approval of their constitution and terms of reference. (Constitution and terms of reference of sub committees may be approved by the Chief Executive.)
5.2	CHAIRMAN & CHIEF EXECUTIVE	The powers which the Board has retained to itself within these Standing Orders may in emergency be exercised by the Chairman and Chief Executive after having consulted at least two Non-Executive members.
5.5	CHIEF EXECUTIVE	The Chief Executive shall prepare a Scheme of Delegation identifying his/her proposals that shall be considered and approved by the Board, subject to any amendment agreed during the discussion.
5.5.4	ALL	Disclosure of non-compliance with Standing Orders to the Chief Executive as soon as possible.
6	THE BOARD	Declare relevant and material interests.
6.4	CHIEF EXECUTIVE	Maintain Register(s) of Interests.

SO REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
7	ALL STAFF	Comply with national guidance contained in HSG 2004 "Standards of Business Conduct for NHS Staff".
7.3	ALL	Disclose relationship between self and candidate for staff appointment. (CE to report the disclosure to the Board.)
8.1	CHIEF EXECUTIVE	Keep seal in safe place and maintain a register of sealing.
8.2	CHIEF EXECUTIVE/EXECUTIVE DIRECTOR	Approve and sign all documents which will be necessary in legal proceedings.

\* Nominated officers and the areas for which they are responsible should be incorporated into the Trust's Scheme of Delegation document.

**SCHEME OF DELEGATION STANDING FINANCIAL INSTRUCTIONS**

<b>SFI REF</b>	<b>DELEGATED TO</b>	<b>AUTHORITIES/DUTIES DELEGATED</b>
10	DIRECTOR OF FINANCE & PERFORMANCE	Approval of all financial procedures.
10.1.4	DIRECTOR OF FINANCE & PERFORMANCE	Advice on interpretation or application of SFIs.
10.1.6	ALL MEMBERS OF THE BOARD AND EMPLOYEES	Have a duty to disclose any non-compliance with these Standing Financial Instructions to the Director of Performance and Finance as soon as possible.
10	CHIEF EXECUTIVE	Responsible as the Accountable Officer to ensure financial targets and obligations are met and have overall responsibility for the System of Internal Control.
10.2.4	CHIEF EXECUTIVE & DIRECTOR OF FINANCE & PERFORMANCE	Accountable for financial control but will, as far as possible, delegate their detailed responsibilities.
10	CHIEF EXECUTIVE	To ensure all Board members, officers and employees, present and future, are notified of and understand Standing Financial Instructions.
10.2.6	DIRECTOR OF FINANCE & PERFORMANCE	Responsible for: a) Implementing the Trust's financial policies and coordinating corrective action; b) Maintaining an effective system of financial control including ensuring detailed financial procedures and systems are prepared and documented; c) Ensuring that sufficient records are maintained to explain Trust's transactions and financial position; d) Providing financial advice to members of Board and staff; e) Maintaining such accounts, certificates etc as are required for the Trust to carry out its statutory duties.
10.2.11	ALL MEMBERS OF THE BOARD AND EMPLOYEES	Responsible for security of the Trust's property, avoiding loss, exercising economy and efficiency in using resources and conforming to Standing Orders, Financial Instructions and financial procedures.
10.2.12	CHIEF EXECUTIVE	Ensure that any contractor or employee of a contractor who is empowered by the Trust to commit the Trust to expenditure or who is authorised to obtain income are made aware of these instructions and their

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
		requirement to comply.
11.1.1	AUDIT COMMITTEE	Provide independent and objective view on internal control and probity.
11.1.2	CHAIRMAN	Raise the matter at the Board meeting where Audit Committee considers there is evidence of ultra vires transactions or improper acts.
11.1.3	DIRECTOR OF FINANCE & PERFORMANCE	Ensure an adequate internal audit service, for which he/she is accountable, is provided (and involve the Audit Committee in the selection process when/if an internal audit service provider is changed.)
11.3.1	DIRECTOR OF FINANCE & PERFORMANCE	Decide at what stage to involve police in cases of misappropriation and other irregularities not involving fraud or corruption.
11.4.1	HEAD OF INTERNAL AUDIT	Review, appraise and report in accordance with NHS Internal Audit Manual and best practice.
11	AUDIT COMMITTEE	Ensure cost-effective External Audit.
11.2	CHIEF EXECUTIVE & DIRECTOR OF FINANCE & PERFORMANCE	Monitor and ensure compliance with SofS Directions on fraud and corruption including the appointment of the Local Counter Fraud Specialist.
11.6	CHIEF EXECUTIVE	Monitor and ensure compliance with Directions issued by the Secretary of State for Health on NHS security management including appointment of the Local Security Management Specialist.
12.1.1	CHIEF EXECUTIVE	Compile and submit to the Board a Financial Plan which takes into account financial targets and forecast limits of available resources. The Financial Plan will contain: <ul style="list-style-type: none"> <li>• a statement of the significant assumptions on which the plan is based;</li> <li>• details of major changes in workload, delivery of services or resources required to achieve the plan.</li> </ul>
12.1.2	DIRECTOR OF FINANCE & PERFORMANCE	Submit budgets to the Board for approval. Monitor performance against budget; submit to the Board financial estimates and forecasts.
12.1.6	DIRECTOR OF FINANCE & PERFORMANCE	Ensure adequate training is delivered on an ongoing basis to budget holders.
12.1.7	CHIEF EXECUTIVE	Delegate budget to budget holders.

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
12.1.8	CHIEF EXECUTIVE & BUDGET HOLDERS	Must not exceed the budgetary total or virement limits set by the Board.
12.1.11	DIRECTOR OF FINANCE & PERFORMANCE	Devise and maintain systems of budgetary control.
12	BUDGET HOLDERS	Ensure that a) <i>no overspend or reduction of income that cannot be met from virement is incurred without prior consent of Board;</i> b) approved budget is not used for any other than specified purpose subject to rules of virement; c) no permanent employees are appointed without the approval of the CE other than those provided for within available resources and manpower establishment.
12	CHIEF EXECUTIVE	Identify and implement cost improvements and income generation activities in line with the Trust Financial Plan.
12.5.1	DIRECTOR OF FINANCE & PERFORMANCE	Submit monitoring returns
12.6	DIRECTOR OF FINANCE & PERFORMANCE	Preparation of annual accounts and reports.
12.7.1	DIRECTOR OF FINANCE & PERFORMANCE	Managing banking arrangements, including provision of banking services, operation of accounts, preparation of instructions and list of cheque signatories. (Board approves arrangements.)
12.7	DIRECTOR OF FINANCE & PERFORMANCE	Income systems, including system design, prompt banking, review and approval of fees and charges, debt recovery arrangements, design and control of receipts, provision of adequate facilities and systems for employees whose duties include collecting or holding cash.
12.7.19	ALL EMPLOYEES	Duty to inform DoF of money due from transactions which they initiate/deal with.
13	CHIEF EXECUTIVE	Tendering and contract procedure.
13.2.3	CHIEF EXECUTIVE	Waive formal tendering procedures.

<b>SFI REF</b>	<b>DELEGATED TO</b>	<b>AUTHORITIES/DUTIES DELEGATED</b>
13.2.5	CHIEF EXECUTIVE	Report waivers of tendering procedures to the Board.
13.3.2	CHIEF EXECUTIVE	Responsible for the receipt, endorsement and safe custody of tenders received.
13.3.4	CHIEF EXECUTIVE	Shall maintain a register to show each set of competitive tender invitations despatched.
13.3.5	CHIEF EXECUTIVE AND DIRECTOR OF FINANCE & PERFORMANCE	Where one tender is received will assess for value for money and fair price.
13.3.7	CHIEF EXECUTIVE	No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with these Instructions except with the authorisation of the Chief Executive.
13.4.2	CHIEF EXECUTIVE	The Chief Executive or his nominated officer should evaluate the quotation and select the quote which gives the best value for money.
13.4.4	CHIEF EXECUTIVE or DIRECTOR OF FINANCE & PERFORMANCE	No quotation shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with these Instructions except with the authorisation of the Chief Executive.
13.5.3	CHIEF EXECUTIVE	The Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.
13.5.3	BOARD	All PFI proposals must be agreed by the Board.
13.5.4	CHIEF EXECUTIVE	The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Trust.
13.5.5	CHIEF EXECUTIVE	The Chief Executive shall nominate officers with delegated authority to enter into contracts of employment, regarding staff, agency staff or temporary staff service contracts.
13.7.1	CHIEF EXECUTIVE	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.
13.7.5	CHIEF EXECUTIVE	The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the Trust.



SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
14.1	CHIEF EXECUTIVE	Must ensure the Trust enters into suitable contracts and Service Level Agreements (SLAs) with service commissioners for the provision of NHS services
14.1.4	CHIEF EXECUTIVE	As the Accountable Officer, ensure that regular reports are provided to the Board detailing actual and forecast income from the contract or SLA
SO 4	BOARD	Establish a Remuneration & Terms of Service Committee
SO 4 & SFI 12.3	REMUNERATION COMMITTEE	<i>Advise the Board on and make recommendations on the remuneration and terms of service of the CE, other officer members and senior employees to ensure they are fairly rewarded having proper regard to the Trust's circumstances and any national agreements;</i> <i>Monitor and evaluate the performance of individual senior employees;</i> Advise on and oversee appropriate contractual arrangements for such staff, including proper calculation and scrutiny of termination payments.
SO 4	REMUNERATION COMMITTEE	Report in writing to the Board its advice and its bases about remuneration and terms of service of directors and senior employees.
SO 4	BOARD	Approve proposals presented by the Chief Executive for setting of remuneration and conditions of service for those employees and officers not covered by the Remuneration Committee.
12.3.7	CHIEF EXECUTIVE	Approval of variation to funded establishment of any department.
12.3.8	CHIEF EXECUTIVE	Staff, including agency staff, appointments and re-grading.
12.3.10 & 11	DIRECTOR OF FINANCE & PERFORMANCE	Payroll: a) specifying timetables for submission of properly authorised time records and other notifications; b) final determination of pay and allowances; c) making payments on agreed dates; d) agreeing method of payment; e) issuing instructions (as listed in SFI 10.4.2).
12.3.12	BUDGET HOLDERS	Submit time records in line with timetable.  <b>Complete time records, expense claims, overtime and other notifications in required form having verified their accuracy and validity up to and not exceeding the delegated budget holder limit.</b> Authorise use of agency staff only through Trust approved suppliers up to and not exceeding the

<b>SFI REF</b>	<b>DELEGATED TO</b>	<b>AUTHORITIES/DUTIES DELEGATED</b>
		delegated budget holder limit. Submitting termination forms in prescribed form and on time.
12.3.14	DIRECTOR OF WORKFORCE & STRATEGY	Ensure that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation; and Deal with variations to, or termination of, contracts of employment.
12.2.1	CHIEF EXECUTIVE	Determine, and set out, level of delegation of non-pay expenditure to budget managers, including a list of managers authorised to place requisitions, the maximum level of each requisition and the system for authorisation above that level.
12.2	BUDGET HOLDERS	Incur appropriate expenditure for goods and services on behalf of the Trust not exceeding their delegated approval limits
12.2.2	CHIEF EXECUTIVE	Set out procedures on the seeking of professional advice regarding the supply of goods and services.
12.2.4	ASSOCIATE DIRECTOR OF SUPPORT SERVICES	In choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the Trust. In so doing, the advice of the Trust's adviser on supply shall be sought.
12.2.5	DIRECTOR OF FINANCE & PERFORMANCE	Shall be responsible for the prompt payment of accounts and claims.
12.2.6	DIRECTOR OF FINANCE & PERFORMANCE	<ul style="list-style-type: none"> <li>a) Advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in standing orders and regularly reviewed;</li> <li>b) Prepare procedural instructions [where not already provided in the Scheme of Delegation or procedure notes for budget holders] on the obtaining of goods, works and services incorporating the thresholds;</li> <li>c) Be responsible for the prompt payment of all properly authorised accounts and claims;</li> <li>d) Be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable;</li> <li>e) A timetable and system for submission to the Director of Finance &amp; Performance of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment;</li> <li>f) Instructions to employees regarding the handling and payment of accounts within the Finance Department;</li> </ul>

<b>SFI REF</b>	<b>DELEGATED TO</b>	<b>AUTHORITIES/DUTIES DELEGATED</b>
		g) Be responsible for ensuring that payment for goods and services is only made once the goods and services are received
12.2.7	APPROPRIATE EXECUTIVE DIRECTOR	Make a written case to support the need for a prepayment.
12.2.7	DIRECTOR OF FINANCE & PERFORMANCE	Approve proposed prepayment arrangements.
12.2.7	BUDGET HOLDER	Ensure that all items due under a prepayment contract are received (and immediately inform DoF if problems are encountered).
12.2.8	CHIEF EXECUTIVE	Authorise who may use and be issued with official orders.
12.2.9	MANAGERS AND OFFICERS	Ensure that they comply fully with the guidance and limits specified by the Director of Finance & Performance.
12.2.10	CHIEF EXECUTIVE DIRECTOR OF FINANCE & PERFORMANCE	Ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within CONCODE and ESTATECODE. The technical audit of these contracts shall be the responsibility of the relevant Director.
12.2.11	DIRECTOR OF FINANCE & PERFORMANCE	Lay down procedures for payments to local authorities and voluntary organisations made under the powers of section 28A of the NHS Act 2009.
12.7.6	DIRECTOR OF FINANCE & PERFORMANCE	The DoF will advise the Board on the Trust's ability to pay dividend on PDC and report, periodically, concerning the PDC debt and all loans and overdrafts.
12.7.7	BOARD	Approve a list of employees authorised to make short term borrowings on behalf of the Trust. (This must include the CE and DoF.)
12.7.8	DIRECTOR OF FINANCE & PERFORMANCE	Prepare detailed procedural instructions concerning applications for loans and overdrafts.
12.7.10	CHIEF EXECUTIVE OR DIRECTOR OF FINANCE & PERFORMANCE	Be on an authorising panel comprising one other member for short term borrowing approval.
12.7.13	DIRECTOR OF FINANCE &	Will advise the Board on investments and report, periodically, on performance of same.

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
	PERFORMANCE	
12.7.14	DIRECTOR OF FINANCE & PERFORMANCE	Prepare detailed procedural instructions on the operation of investments held.
14.3	DIRECTOR OF FINANCE & PERFORMANCE	Ensure that Board members are aware of the Financial Framework and ensure compliance
12.4	CHIEF EXECUTIVE	Capital investment programme: a) ensure that there is adequate appraisal and approval process for determining capital expenditure priorities and the effect that each has on plans b) responsible for the management of capital schemes and for ensuring that they are delivered on time and within cost; c) ensure that capital investment is not undertaken without availability of resources to finance all revenue consequences; d) ensure that a business case is produced for each proposal.
12.4.2	DIRECTOR OF FINANCE & PERFORMANCE	Certify professionally the costs and revenue consequences detailed in the business case for capital investment.
12.4.3	CHIEF EXECUTIVE	Issue procedures for management of contracts involving stage payments.
12.4.4	DIRECTOR OF FINANCE & PERFORMANCE	Assess the requirement for the operation of the construction industry taxation deduction scheme.
12.4.5	DIRECTOR OF FINANCE & PERFORMANCE	Issue procedures for the regular reporting of expenditure and commitment against authorised capital expenditure.
12.4.6	CHIEF EXECUTIVE	Issue manager responsible for any capital scheme with authority to commit expenditure, authority to proceed to tender and approval to accept a successful tender. Issue a scheme of delegation for capital investment management.
12.4.7	DIRECTOR OF FINANCE & PERFORMANCE	Issue procedures governing financial management, including variation to contract, of capital investment projects and valuation for accounting purposes.
12.4.8	DIRECTOR OF FINANCE &	Demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.

<b>SFI REF</b>	<b>DELEGATED TO</b>	<b>AUTHORITIES/DUTIES DELEGATED</b>
	PERFORMANCE	
12.4.8	BOARD	Proposal to use PFI must be specifically agreed by the Board.
12.4.10	CHIEF EXECUTIVE	Maintenance of asset registers (on advice from DoF).
12.4.13	DIRECTOR OF FINANCE & PERFORMANCE	Approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
12.4.16	DIRECTOR OF FINANCE & PERFORMANCE	Calculate and pay capital charges in accordance with Treasury requirements.
12.4.17	CHIEF EXECUTIVE	Overall responsibility for fixed assets.
12.4.8	DIRECTOR OF FINANCE & PERFORMANCE	Approval of fixed asset control procedures.
12.4.20	BOARD, EXECUTIVE MEMBERS AND ALL SENIOR STAFF	Responsibility for security of Trust assets including notifying discrepancies to DoF, and reporting losses in accordance with Trust procedure.
14.4.2	CHIEF EXECUTIVE	Delegate overall responsibility for control of stocks (subject to DoF responsibility for systems of control). Further delegation for day-to-day responsibility subject to such delegation being recorded. (Good practice to append to the scheme of delegation document.)
14.4.4	DIRECTOR OF FINANCE & PERFORMANCE	Responsible for systems of control over stocks and receipt of goods.
14.4.2	DESIGNATED PHARMACEUTICAL OFFICER	Responsible for controls of pharmaceutical stocks
14.4.2	DESIGNATED ESTATES OFFICER	Responsible for control of stocks of fuel oil and coal.
14.4.3	ASSOCIATE DIRECTORS	<i>Security arrangements and custody of keys</i>
14.4.4	DIRECTOR OF FINANCE & PERFORMANCE	Set out procedures and systems to regulate the stores.

<b>SFI REF</b>	<b>DELEGATED TO</b>	<b>AUTHORITIES/DUTIES DELEGATED</b>
14.4.5	DIRECTOR OF FINANCE & PERFORMANCE	Agree stocktaking arrangements.
14.4.6	DIRECTOR OF FINANCE & PERFORMANCE	Approve alternative arrangements where a complete system of stock control is not justified.
14.4.7	DIRECTOR OF FINANCE & PERFORMANCE	Approve system for review of slow moving and obsolete items and for condemnation, disposal and replacement of all unserviceable items.
14.4.7	ASSOCIATE DIRECTOR OF SUPPORT SERVICES	Operate system for slow moving and obsolete stock, and report to DoF evidence of significant overstocking.
14.4.8	CHIEF EXECUTIVE	Identify persons authorised to requisition and accept goods from NHS Supplies stores.
14.5.1	DIRECTOR OF FINANCE & PERFORMANCE	Prepare detailed procedures for disposal of assets including condemnations and ensure that these are notified to managers.
14.5.5	DIRECTOR OF FINANCE & PERFORMANCE	Prepare procedures for recording and accounting for losses, special payments and informing police in cases of suspected arson or theft.
14.5.6	ALL STAFF	Discovery or suspicion of loss of any kind must be reported immediately to either head of department or nominated officer. The head of department / nominated officer should then inform the CE and DoF.
14.5.6	DIRECTOR OF FINANCE & PERFORMANCE	Where a criminal offence is suspected, DoF must inform the police if theft or arson is involved. In cases of fraud and corruption DoF must inform the relevant Local Counter Fraud Specialist and NHS Protect in line with SoS directions.
14.5.6	DIRECTOR OF FINANCE & PERFORMANCE	Notify Local Counter Fraud Specialist and External Audit of all frauds.
14.5.7	DIRECTOR OF FINANCE & PERFORMANCE	Notify Board and External Auditor of losses caused theft, arson, neglect of duty or gross carelessness (unless trivial).
14.5.8	BOARD	Approve write off of losses (within limits delegated by DH).
14.5.10	DIRECTOR OF FINANCE & PERFORMANCE	Consider whether any insurance claim can be made.

<b>SFI REF</b>	<b>DELEGATED TO</b>	<b>AUTHORITIES/DUTIES DELEGATED</b>
14.5.5	DIRECTOR OF FINANCE & PERFORMANCE	Maintain losses and special payments register.
14.6.1	DIRECTOR OF FINANCE & PERFORMANCE	Responsible for accuracy and security of computerised financial data.
14.6.2	DIRECTOR OF FINANCE & PERFORMANCE	Satisfy himself that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by other organisation assurances of adequacy must be obtained from them prior to implementation.
14.6.3	DIRECTOR OF CORPORATE AFFAIRS	Shall publish and maintain a Freedom of Information Scheme.
14.6.4	RELEVANT OFFICERS	Send proposals for general computer systems to Director of Finance & Performance and ICT
14.6.5	DIRECTOR OF FINANCE & PERFORMANCE	<i>Ensure that contracts with other bodies for the provision of computer services for financial applications clearly define responsibility of all parties for security, privacy, accuracy, completeness and timeliness of data during processing, transmission and storage, and allow for audit review.</i>  Seek periodic assurances from the provider that adequate controls are in operation.
14.6.5	DIRECTOR OF FINANCE & PERFORMANCE	<i>Ensure that risks to the Trust from use of IT are identified and considered and that disaster recovery plans are in place.</i>
14.6.8	DIRECTOR OF FINANCE & PERFORMANCE	Where computer systems have an impact on corporate financial systems satisfy himself that: a) systems acquisition, development and maintenance are in line with corporate policies; b) data assembled for processing by financial systems is adequate, accurate, complete and timely, and that a management trail exists; c) DoF and staff have access to such data; d) Such computer audit reviews are being carried out as are considered necessary.
14.7	DEPARTMENTAL MANAGERS	Inform staff of their responsibilities and duties for the administration of the property of patients.
14.8	DIRECTOR OF FINANCE & PERFORMANCE	Shall ensure that each trust fund which the Trust is responsible for managing is managed appropriately.

<b>SFI REF</b>	<b>DELEGATED TO</b>	<b>AUTHORITIES/DUTIES DELEGATED</b>
14.9	DIRECTOR OF FINANCE & PERFORMANCE	Ensure all staff are made aware of the Trust policy on the acceptance of gifts and other benefits in kind by staff
14.10	CHIEF EXECUTIVE	Retention of document procedures in accordance with the Information Governance Procedures.
14.11	CHIEF EXECUTIVE	Risk management programme.
14.11.1	BOARD	Approve and monitor risk management programme.
14.11.3	BOARD	Decide whether the Trust will use the risk pooling schemes administered by the NHS Litigation Authority or self-insure for some or all of the risks (where discretion is allowed). Decisions to self-insure should be reviewed annually.
14.11.3	DIRECTOR OF FINANCE & PERFORMANCE	Where the Board decides to use the risk pooling schemes administered by the NHS Litigation Authority the Director of Finance & Performance shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Director of Finance & Performance shall ensure that documented procedures cover these arrangements
14.11.4	DIRECTOR OF FINANCE & PERFORMANCE	Ensure documented procedures cover management of claims and payments below the deductible.



## SECTION D - STANDING FINANCIAL INSTRUCTIONS

### 10. INTRODUCTION

#### 10.1 General

- 10.1.1 These Standing Financial Instructions (SFIs) are issued in accordance with the Trust (Functions) Directions 2000 issued by the Secretary of State which require that each Trust shall agree 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. They shall have effect as if incorporated in the Standing Orders (SOs).
- 10.1.2 These Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Decisions Reserved to the Board and the Scheme of Delegation adopted by the Trust.
- 10.1.3 These Standing Financial Instructions identify the financial responsibilities which apply to everyone working for the Trust and its constituent organisations including Trading Units. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Director of Finance & Performance.
- 10.1.4 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Director of Finance & Performance must be sought before acting. The user of these Standing Financial Instructions should also be familiar with and comply with the provisions of the Trust's Standing Orders.
- 10.1.5 **The failure to comply with Standing Financial Instructions and Standing Orders can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.**
- 10.1.6 **Overriding Standing Financial Instructions** – If for any reason these Standing Financial Instructions are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit Committee for referring action or ratification. All members of the Board and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Director of Performance and Finance as soon as possible.
- 10.1.7 **Partnership Working** – Where any operation is carried out on behalf of the Trust by NHS Shared Business Services or any other Board approved outsourced service provider, detailed procedures will be the responsibility of such a provider.

#### 10.2 Responsibilities and delegation

##### The Trust Board

- 10.2.1 The Board exercises financial supervision and control by:
- (a) formulating the financial strategy;

- (b) requiring the submission and approval of budgets within approved allocations/overall income;
  - (c) defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money);
  - (d) defining specific responsibilities placed on members of the Board and employees as indicated in the Scheme of Delegation document.
- 10.2.2 The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the [‘Reservation of Matters Reserved to the Board’] document. All other powers have been delegated to such other committees as the Trust has established.

#### **The Chief Executive and Director of Finance & Performance**

- 10.2.3 The Chief Executive and Director of Finance & Performance will, as far as possible, delegate their detailed responsibilities, but they remain accountable for financial control.
- 10.2.4 Within the Standing Financial Instructions, it is acknowledged that the Chief Executive is ultimately accountable to the Board, and as Accountable Officer, to the Secretary of State, for ensuring that the Board meets its obligation to perform its functions within the available financial resources. The Chief Executive has overall executive responsibility for the Trust’s activities; is responsible to the **Chairman** and the Board for ensuring that its financial obligations and targets are met and has overall responsibility for the Trust’s system of internal control.
- 10.2.5 It is a duty of the Chief Executive to ensure that Members of the Board and, employees and all new appointees are notified of, and put in a position to understand their responsibilities within these Instructions.

#### **The Director of Finance & Performance**

- 10.2.6 The Director of Finance & Performance is responsible for:
- (a) implementing the Trust’s financial policies and for coordinating any corrective action necessary to further these policies;
  - (b) maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;
  - (c) ensuring that sufficient records are maintained to show and explain the Trust’s transactions, in order to disclose, with reasonable accuracy, the financial position of the Trust at any time;
- and, without prejudice to any other functions of the Trust, and employees of the Trust, the duties of the Director of Finance & Performance include:
- (d) the provision of financial advice to other members of the Board and employees;
  - (e) the design, implementation and supervision of systems of internal financial control;
  - (f) the preparation and maintenance of such accounts, certificates, estimates, records and reports as the Trust may require for the purpose of carrying out its statutory duties.

### **Budget Holders**

10.2.7. The budget holder will be so designated under the scheme of delegation above. The budget holder will agree and accept the annual budget for which they are responsible. The budget holder so designated is authorised to incur expenditure in pursuance of the Trusts objectives and in accordance with the scheme of delegation up to the amounts contained within the budget.

10.2.8. Items of individual expenditure are subject to the following authorisation limits;

Designated budget holders/		
Associate Directors	up to	£5,000 pa
Associate Directors, Finance	up to	£10,000 pa
Directors	up to	£25,000 pa
Director of Finance & Performance	up to	£100,000 pa
Chief Executive	up to	£250,000 pa
Chief Executive & <b>Chairman</b>	up to	£500,000 pa
Trust Board	over	£500,000 pa

The Budget holder is responsible for ensuring that expenditure within their budget is authorised in accordance with the above limits.

10.2.9 The Budget Holder may find it impractical to authorise all expenditure incurred within their budget and as such may delegate authority to authorise expenditure to managers within their team. With the express authorisation of the finance department such managers may be recognised as authorised to incur expenditure. These arrangements do not supersede any powers of delegation so given and accepted by the budget holder who at all times remains responsible for the budget to which they have been delegated.

10.2.10 The Finance Department will provide reports and financial support for the Budget holder to enable them to manage their budget. This support will not constitute any transference of responsibility from the budget holder. The level of support will be agreed and accepted by all parties.

### **Board Members and Employees**

10.2.11 All members of the Board and employees, severally and collectively, are responsible for:

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

### **Contractors and their employees**

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

10.2.13 For all members of the Board and any employees who carry out a financial function, the form in which financial records are kept and the manner in which members of

the Board and employees discharge their duties must be to the satisfaction of the Director of Finance & Performance.

## **11. AUDIT**

### **11.1 Audit Committee**

11.1.1 In accordance with Standing Orders, the Board shall formally establish an Audit and Assurance Committee, with clearly defined terms of reference and following guidance from the NHS Audit Committee Handbook (2011), which will provide an independent and objective view of internal control by:

- (a) reviewing the establishment and maintenance of an effective system of integrated 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;
- (b) ensuring that there is an effective internal audit function established by management.
- (c) reviewing the work and findings of the External Auditor
- (d) reviewing the findings of other significant assurance functions, and other committees whose work can provide relevant assurance to the Committee;
- (e) reviewing reports and assurance from directors and managers on the overall arrangements for governance, risk and internal control;
- (f) reviewing the adequacy of all risk and control related disclosure statements (in particular the Annual Governance Statement, Board memoranda and self certification statement to the Regulator, declarations of compliance with the Essential Standards of Quality and Safety);
- (g) reviewing the statements contained within the Quality Account, together with reviewing associated external audit assurance opinion as directed by Monitor;
- (h) reviewing the underlying assurance processes that indicate the degree of the achievement of corporate objectives, the effectiveness of the management of principal risks, and the appropriateness of the above disclosure statements;
- (i) reviewing the Annual Report and Financial statements before submission to the Board
- (j) monitoring compliance with Standing Orders and Standing Financial Instructions;
- (k) reviewing schedules of losses and special payments and making recommendations to the Board;
- (l) reviewing every decision to suspend Standing Orders
- (m) reviewing the Register of Members Interests maintained by the Chief Executive;
- (n) if so directed by the Board, conduct a detailed review of annual or period budgets.

- (o) receive reports of each meeting from the Charities Committee and minutes of their meetings.
  - (p) considering any other matters of financial accountability, probity, compliance and/or value for money as required.
  - (q) considering other general matters only when directed to do so by the Board.
- 11.1.2 Where the Audit Committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wishes to raise, the **Chairman** of the Audit Committee should raise the matter at a full meeting of the Board. Exceptionally, the matter may need to be referred to the Department of Health (to the Director of Finance & Performance in the first instance).
- 11.1.3 It is the responsibility of the Director of Finance & Performance to ensure an adequate Internal Audit service is provided and the Audit Committee shall be involved in the selection process when/if an Internal Audit service provider is changed.

## **11.2 Fraud, Corruption and Bribery**

- 11.2.1 In line with their responsibilities, the Chief Executive and Director of Finance & Performance shall monitor and ensure compliance with directions issued by the Secretary of State for Health on Fraud, Corruption and Bribery.
- 11.2.2 The Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist as specified by the NHS Counter Fraud and Corruption Manual and guidance.
- 11.2.3 The Local Counter Fraud Specialist shall report to the Trust Director of Finance & Performance and shall work with staff in NHS Protect (previously known as the Counter Fraud and Security Management Services) in accordance with the NHS Counter Fraud and Corruption Manual.
- 11.2.4 The Local Counter Fraud Specialist will provide a written report, at least annually, on counter fraud work within the Trust.

## **11.3 Director of Finance & Performance**

- 11.3.1 The Director of Finance & Performance is responsible for:
- (a) ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective Internal Audit function;
  - (b) ensuring that the Internal Audit is adequate and meets the NHS mandatory audit standards;
  - (c) deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption;
  - (d) ensuring that an annual internal audit report is prepared for the consideration of the Audit Committee [and the Board]. The report must cover:
    - (i) a clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the Department

of Health including for example compliance with control criteria and standards;

- (ii) major internal financial control weaknesses discovered;
- (iii) progress on the implementation of internal audit recommendations;
- (iv) progress against plan over the previous year;
- (v) strategic audit plan covering the coming three years;
- (vi) a detailed plan for the coming year.

11.3.2 The Director of Finance & Performance or designated auditors is entitled without necessarily giving prior notice to require and receive:

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

#### **11.4 Internal Audit**

11.4.1 Internal Audit will review, appraise and report upon:

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

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

11.4.3 The Head of Internal Audit will normally attend Audit Committee meetings and has a right of access to all Audit Committee members, the Chairman and the Chief Executive of the Foundation Trust.

11.4.4 The Head of Internal Audit shall be accountable to the Director of Finance & Performance. The reporting system for internal audit shall be agreed between the Director of Finance & Performance, the Audit Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit Standards. The reporting system shall be reviewed at least every three years.

11.4.5 Managers in receipt of audit reports referred to them have a duty to take appropriate remedial action within the timescales specified in the report. The Director of Finance & Performance 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 Director of Finance & Performance. Changes implemented must be maintained in the future and not viewed as merely satisfying an immediate audit point.

## **11.5 External Audit**

11.5.1 The external auditor is appointed by the Trust Board.

11.5.2 The Audit Code for NHS Foundation Trusts (the 'Audit Code') contains the directions of the Independent Regulator under paragraph 24 (5) of Schedule 7 to the National Health Service Act 2006, with respect to the standards, procedures and techniques to be adopted by the auditor.

11.5.3 The Trust and the External Auditor shall comply with the Audit Code.

11.5.4 The External Auditor will normally attend Audit Committee meetings and has a right of access to all Audit Committee members, the Chairman and the Chief Executive of the Foundation Trust.

## **11.6 Security Management**

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

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

11.6.3 The Trust shall nominate **an Executive and** a non-executive director to be responsible to the Board for NHS security management.

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

## **12. FINANCIAL GOVERNANCE**

### **12.1 BUDGETS**

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

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

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

- 12.1.2 Prior to the start of the financial year the Director of Finance & Performance will, on behalf of the Chief Executive, prepare and submit budgets for approval by the Board. Such budgets will:
- (a) be in accordance with the aims and objectives set out in the Business Plan;
  - (b) accord with workload and manpower plans;
  - (c) be produced following discussion with appropriate budget holders;
  - (d) be prepared within the limits of available funds;
  - (e) identify potential risks.
- 12.1.3 The Director of Finance & Performance shall monitor financial performance against budget and plan, periodically review them, and report to the Board.
- 12.1.4 All budget holders must provide information as required by the Director of Finance & Performance to enable budgets to be compiled.
- 12.1.5 All budget holders will sign up to their allocated budgets at the commencement of each financial year.
- 12.1.6 The Director of Finance & Performance has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage successfully.

#### **Budgetary Delegation**

- 12.1.7 The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:
- (a) the amount of the budget;
  - (b) the purpose(s) of each budget heading;
  - (c) individual and group responsibilities;
  - (d) authority to exercise virement;
  - (e) achievement of planned levels of service;
  - (f) the provision of regular reports.
- 12.1.8 The Chief Executive and delegated budget holders must not exceed the budgetary total or virement limits set by the Board.
- 12.1.9 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Executive, subject to any authorised use of virement.
- 12.1.10 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the Director of Finance & Performance.

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

- 12.1.11 The Director of Finance & Performance will devise and maintain systems of budgetary control. These will include:
- (a) monthly financial reports to the Board in a form approved by the Board containing:
    - (i) income and expenditure to date showing trends and forecast year-end position;



- (ii) movements in working capital;
  - (iii) Movements in cash and capital;
  - (iv) capital project spend and projected outturn against plan;
  - (v) explanations of any material variances from plan;
  - (vi) details of any corrective action where necessary and the Chief Executive's and/or Director of Finance & Performance's view of whether such actions are sufficient to correct the situation;
- (b) the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;
  - (c) investigation and reporting of variances from financial, workload and manpower budgets;
  - (d) monitoring of management action to correct variances; and
  - (e) arrangements for the authorisation of budget transfers.
- 12.1.12. The budget holder will be so designated under the scheme of delegation at point 10.2. the budget holder will agree and accept the annual budget for which they are responsible. The budget holder is authorised to incur expenditure in pursuance of the Trusts objectives and in accordance with the scheme of delegation up to the amounts contained within the budget.
- 12.1.13. Each Budget Holder is responsible for ensuring that:
- (a) any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Board;
  - (b) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement;
  - (c) no permanent or temporary employees are appointed without the approval of the Chief Executive other than those provided for within the available resources and manpower establishment as approved by the Board.
  - (d) Expenditure is incurred in accordance with the tendering and contracting arrangements at Section 13.3.
  - (e) Any income received over and above the budget is not offset by increased expenditure without prior agreement with the Director of Finance & Performance.
- 12.1.14 The Chief Executive is responsible for identifying and implementing cost improvements and income generation initiatives in accordance with the requirements of the Business Plan and a balanced budget.

## **12.2 NON-PAY EXPENDITURE**

### **Delegation of Authority**

- 12.2.1 The Board will approve the level of non-pay expenditure on an annual basis and the Chief Executive will determine the level of delegation to budget managers (see section 12.1).
- 12.2.2 The Chief Executive shall set out procedures on the seeking of professional advice regarding the supply of goods and services. (see Section 13)
- 12.2.3 *Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services (see overlap with Standing Financial Instruction No. 13)*

#### **Requisitioning**

- 12.2.4. The requisitioner, in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the Trust. In so doing, the advice of the Trust's adviser on supply shall be sought. Where this advice is not acceptable to the requisitioner, the Director of Finance & Performance (and/or the Chief Executive) shall be consulted.

#### **System of Payment and Payment Verification**

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

- where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
  - the account is arithmetically correct;
  - the account is in order for payment.
- (iii) A timetable and system for submission to the Director of Finance & Performance of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment.
- (iv) Instructions to employees regarding the handling and payment of accounts within the Finance Department.
- (e) be responsible for ensuring that payment for goods and services is only made once the goods and services are received. The only exceptions are set out in SFI 12.2.7 below.

#### **Prepayments**

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

#### **Official orders**

- 12.2.8. Official Orders must:
- (a) be consecutively numbered;
  - (b) be in a form approved by the Director of Finance & Performance;
  - (c) state the Trust's terms and conditions of trade;
  - (d) only be issued to, and used by, those duly authorised by the Chief Executive.

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

- 12.2.9. Managers and officers must ensure that they comply fully with the guidance and limits specified by the Director of Finance & Performance and that:

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

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

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

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

### **Joint Finance Arrangements with Local Authorities and Voluntary Bodies**

- 12.2.11 Payments to local authorities and voluntary organisations made under the powers of section 28A of the NHS Act **shall** comply with procedures laid down by the Director of Finance & Performance which shall be in accordance with these Acts.

### **12.3 PAY EXPENDITURE**

#### **Remuneration and Terms of Service (see overlap with SO 4)**

- 12.3.1 In accordance with Standing Orders the Board shall establish a Remuneration and Terms of Service Committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting. (See NHS guidance contained in the Higgs report.)
- 12.3.2 The Committee will:
- (a) advise the Board about appropriate remuneration and terms of service for the Chief Executive, other officer members employed by the Trust and other senior employees including:
    - (i) all aspects of salary (including any performance-related elements/bonuses);
    - (ii) provisions for other benefits, including pensions and cars;
    - (iii) arrangements for termination of employment and other contractual terms;
  - (b) make such recommendations to the Board on the remuneration and terms of service of officer members of the Board (and other senior employees) to ensure they are fairly rewarded for their individual contribution to the Trust - having proper regard to the Trust's circumstances and performance and to the provisions of any national arrangements for such members and staff where appropriate;
  - (c) monitor and evaluate the performance of individual officer members (and other senior employees);
  - (d) advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.
- 12.3.3 The Committee shall report in writing to the Board the basis for its recommendations. The Board shall use the report as the basis for their decisions, but remain accountable for taking decisions on the remuneration and terms of service of officer members. Minutes of the Board's meetings should record such decisions.
- 12.3.4 The Board will consider and need to approve proposals presented by the Chief Executive for the setting of remuneration and conditions of service for those employees and officers not covered by the Committee.
- 12.3.5 The Trust will pay allowances to the **Chairman** and non-officer members of the Board in accordance with instructions issued by the Secretary of State for Health.

### **Funded Establishment**

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

### **Staff Appointments**

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

### **Processing Payroll**

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

- (k) separation of duties of preparing records and handling cash;
- (l) a system to ensure the recovery from those leaving the employment of the Trust of sums of money and property due by them to the Trust.

12.3.12 Appropriately nominated managers have delegated responsibility for:

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

12.3.13 The Director of Finance & Performance 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.

#### **Contracts of Employment**

12.3.14 The Director of Workforce and Strategy shall be responsible for:

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

#### **Off Payroll Appointments**

12.3.15 Government departments are required to implement the recommendations of HM Treasury's review of tax arrangements of Public Sector appointees. Where an organisation enters into an off payroll engagement e.g. with a contractor it must apply the following:

- (a) Board members and senior officials with significant financial responsibility should be on the organisation's payroll, unless there are exceptional circumstances – in which case the Accounting Officer should approve the arrangements – and such exceptions should exist for no longer than six months;
- (b) engagements of more than six months in duration, for more than a daily rate of £220, should include contractual provisions that allow the organisation to seek assurance regarding the income tax and NICs obligations of the engage – and to terminate the contract if that assurance is not provided.

12.3.16 These recommendations apply retrospectively and the Trust will monitor for incidences and their cost.

12.3.17 If it emerges that any organisation has not abided by these rules, sanctions will apply including the application of financial penalties of up to five times the payment in question.

## 12.4 CAPITAL EXPENDITURE

### Capital Investment

#### 12.4.1. The Chief Executive:

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

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

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

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

#### 12.4.4 The Director of Finance & Performance shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with Inland Revenue guidance.

#### 12.4.5 The Director of Finance & Performance shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.

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

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

- (a) specific authority to commit expenditure;
- (b) authority to proceed to tender ( see overlap with SFI 13);
- (c) approval to accept a successful tender (see overlap with SFI 13).

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

#### 12.4.7 The Director of Finance & Performance shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes. These procedures shall fully take



into account the delegated limits for capital schemes set down by the Department of Health.

- 12.4.8 The Trust Board has delegated authority to approve capital investment business cases with a financial value up to £5 million or 3% of turnover (whichever is the lower). Scheme values in excess of £5m require approval by the NHS TDA. (See Capital Regime and Investment Business Case Approvals Guidance for NHS Trusts published by the NHS TDA).

#### **Private Finance (see overlap with SFI 13.5)**

- 12.4.9 The Trust should normally test for PFI when considering capital procurement. When the Trust proposes to use finance which is to be provided other than through its Allocations, the following procedures shall apply:
- (a) The Director of Finance & Performance shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
  - (b) Where the sum involved exceeds delegated limits, the business case must be referred to the Department of Health or in line with any current guidelines.
  - (c) The proposal must be specifically agreed by the Board.

#### **Asset Registers**

- 12.4.10 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Director of Finance & Performance concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted once a year.
- 12.4.11 Each Trust shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be as specified in the Government Financial Reporting Manual as issued by the Treasury.
- 12.4.12 Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:
- (a) properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
  - (b) stores, requisitions and wages records for own materials and labour including appropriate overheads;
  - (c) lease agreements in respect of assets held under a finance lease and capitalised.
- 12.4.13 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).
- 12.4.14 The Director of Finance & Performance shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 12.4.15 The value of each asset shall be indexed to current values in accordance with methods specified in the Government Financial Reporting issued by the Treasury.

- 12.4.16 The value of each asset shall be depreciated using methods and rates as specified in the Government Financial Reporting Manual issued by the Treasury.
- 12.4.17 The Director of Finance & Performance of the Trust shall calculate and pay capital charges as specified in the Government Financial Reporting Manual issued by the Treasury.

#### **Security of Assets**

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

#### **12.5 MONITORING RETURNS**

- 12.5.1 The Director of Finance & Performance is responsible for ensuring that the appropriate monitoring forms are submitted to the requisite monitoring organisation.

#### **12.6 ANNUAL ACCOUNTS AND REPORTS**

- 12.6.1. The Director of Finance & Performance, on behalf of the Trust, will:

- (a) prepare financial returns in accordance with the accounting policies and guidance given by the Department of Health and the Treasury, the Trust's accounting policies, and generally accepted accounting practice;
  - (b) prepare and submit annual financial reports to the Department of Health certified in accordance with current guidelines;
  - (c) submit financial returns to the Department of Health for each financial year in accordance with the timetable prescribed by the Department of Health.
- 12.6.2 The Trust's annual accounts must be audited by an auditor appointed by the Audit Commission. The Trust's audited annual accounts must be presented to a public meeting and made available to the public.
- 12.6.3 The Trust will publish an annual report, in accordance with guidelines on local accountability, and present it at a public meeting. The document will comply with the authorising bodies Manual for Accounts.

## **12.7 BANK AND GOVERNMENT BANKING SERVICES ACCOUNTS**

### **General**

- 12.7.1 The Director of Finance & Performance is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of accounts.

Until the Trust becomes a Foundation Trust this advice will take into account guidance/ Directions issued from time to time by the Department of Health. In line with 'Cash Management in the NHS' Trusts should minimise the use of commercial bank accounts and consider using Government Banking Services (GBS) accounts for all banking services.

- 12.7.2 The Board shall approve the banking arrangements.

### **Bank and GBS Accounts**

- 12.7.3 The Director of Finance & Performance is responsible for:

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

### **Banking Procedures**

- 12.7.4 The Director of Finance & Performance will prepare detailed instructions on the operation of bank and GBS accounts which must include:

- (a) the conditions under which each bank and GBS account is to be operated;
  - (b) those authorised to sign cheques or other orders drawn on the Trust's accounts.
  - (c) the limit to be applied to any overdraft
- 12.7.5 The Director of Finance & Performance must advise the Trust's bankers in writing of the conditions under which each account will be operated.

#### **External Borrowing**

- 12.7.6 The Director of Finance & Performance will advise the Board concerning the Trust's ability to pay dividend on, and repay Public Dividend Capital and any proposed new borrowing, within the limits set by the Department of Health. The Director of Finance & Performance is also responsible for reporting periodically to the Board concerning the PDC debt and all loans and overdrafts.
- 12.7.7 The Board will agree the list of employees (including specimens of their signatures) who are authorised to make short term borrowings on behalf of the Trust. This must contain the Chief Executive and the Director of Finance & Performance.
- 12.7.8 The Director of Finance & Performance must prepare detailed procedural instructions concerning applications for loans and overdrafts.
- 12.7.9 All short-term borrowings should be kept to the minimum period of time possible, consistent with the overall cash flow position, represent good value for money, and comply with the latest guidance from the Department of Health.
- 12.7.10 Any short-term borrowing must be with the authority of two members of an authorised panel, one of which must be the Chief Executive or the Director of Finance & Performance. The Board must be made aware of all short term borrowings at the next Board meeting.
- 12.7.11 All long-term borrowing must be consistent with the plans outlined in the current Business Plan and be approved by the Trust Board.

#### **Investments**

- 12.7.12 Temporary cash surpluses must be held only in such public or private sector investments as notified by the Secretary of State and authorised by the Board.
- 12.7.13 The Director of Finance & Performance is responsible for advising the Board on investments and shall report periodically to the Board concerning the performance of investments held.
- 12.7.14 The Director of Finance & Performance will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

#### **Income Systems**

- 12.7.15 The Director of Finance & Performance is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due.
- 12.7.16 The Director of Finance & Performance is also responsible for the prompt banking of all monies received.

### **Fees and Charges**

- 12.7.17 The Trust shall follow the Department of Health's advice in the "Costing" Manual in setting prices for NHS service agreements.
- 12.7.18 The Director of Finance & Performance 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 shall be followed.
- 12.7.19 All employees must inform the Director of Finance & Performance promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.

### **Debt Recovery**

- 12.7.20 The Director of Finance & Performance is responsible for the appropriate recovery action on all outstanding debts.
- 12.7.21 Income not received should be dealt with in accordance with losses procedures.
- 12.7.22 Overpayments should be detected (or preferably prevented) and recovery initiated.

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

- 12.7.23 The Director of Finance & Performance is responsible for:
- (a) approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable;
  - (b) ordering and securely controlling any such stationery;
  - (c) the provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines;
  - (d) prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust.
- 12.7.24 Official money shall not under any circumstances be used for the encashment of private cheques or IOUs.
- 12.7.25 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Director of Finance & Performance.
- 12.7.26 The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Trust is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Trust from responsibility for any loss.
- 12.7.27 Any loss or shortfall shall be monitored and recorded by the Finance Department. Any trends or suspicions should be reported to the Local Counter Fraud Specialist and / or NHS Protect. All losses should be reported through the Losses and Compensation procedure.

### **Tendering and Review of Cash Services**

- 12.7.28 The Director of Finance & Performance will review the commercial banking arrangements of the Trust at regular intervals to ensure they reflect best practice and represent best value for money by periodically seeking competitive tenders for the Trust's commercial banking business.
- 12.7.29 Competitive tenders should be sought at least every five years. The results of the tendering exercise should be reported to the Board. This review is not necessary for GBS accounts.

## **13. TENDERING AND CONTRACTING PROCEDURE**

### **13.1 GOVERNANCE**

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

- 13.1.1 The procedure for making all contracts by or on behalf of the Trust shall comply with these Standing Orders and Standing Financial Instructions (except where Standing Order No. 3.13 Suspension of Standing Orders is applied).

#### **EU Directives Governing Public Procurement**

- 13.1.2. Directives by the Council of the European Union promulgated by the Department of Health (DH) prescribing procedures for awarding all forms of contracts shall have effect as if incorporated in these Standing Orders and Standing Financial Instructions. In cases of conflict EU Directives shall always take precedence.

#### **Reverse eAuctions**

- 13.1.3 The Trust will follow the procedures set out in regulation 21 of the Public Sector Procurement Regulations (2006) for the control of all tendering activity carried out through Reverse eAuctions. For further guidance on Reverse eAuctions refer to [www.ogc.gov.uk](http://www.ogc.gov.uk)

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

- 13.1.4 The Trust shall comply as far as is practicable with the requirements of the Department of Health "Capital Investment Manual" and "Estate code" in respect of capital investment and estate and property transactions. In the case of management consultancy contracts the Trust shall comply as far as is practicable with Department of Health guidance "The Procurement and Management of Consultants within the NHS".

### **13.2 FORMAL COMPETITIVE TENDERING**

#### **General Applicability**

- 13.2.1 The Trust shall ensure that competitive tenders 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 the DH);

- For the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens); for disposals.

#### **Health Care Services**

13.2.2 Where the Trust elects to invite tenders for the supply of healthcare services these Standing Orders and Standing Financial Instructions shall apply as far as they are applicable to the tendering.

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

13.2.3 Formal tendering procedures **need not be applied** where:

- (a) the estimated expenditure or income does not, or is not reasonably expected to, exceed **£5,000**. Where expenditure does not, or is not reasonably expected to, exceed £25,000 but is greater than £5,000 an informal tender (quotation) from three suppliers may be applied.
- (b) where the supply is proposed under special arrangements negotiated by the DH in which event the said special arrangements must be complied with;
- (c) regarding disposals as set out in Standing Financial Instructions No. 13.6;

Formal tendering procedures **may be waived** in the following circumstances:

- (d) in very exceptional circumstances where the Chief Executive decides that formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate Trust record. This does not apply where the value exceeds the EU tender thresholds
- (e) where the requirement is covered by an existing contract that allows for call off of additional requirements, or the contract can be extended where this was provided for in the original advertisement.
- (f) where national or regional framework agreements are in place and have been approved by the Board;
- (g) where a consortium arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the consortium members;
- (h) where the timescale is of extreme urgency where it is necessary to safeguard life or property and therefore genuinely precludes competitive tendering but failure to plan the work properly would not be regarded as a justification for a single tender;
- (i) goods are proprietary, or the contract is related to specialist services or technical equipment, there must be clear evidence of no effective or genuine competition;
- (j) when a specific supplier is required to undertake additional work or services which were not included in the project initially but which through unforeseen circumstances have become necessary, and such work or services cannot for technical or economic reasons be carried

out or provided separately from those under the original contract without major inconvenience to the Trust;

- (k) there is a clear benefit to be gained from maintaining continuity with an earlier project where the use of another supplier could result in incompatibility between existing goods or installation or disproportionate technical difficulties in the operation and maintenance of existing goods or installation

- (l) where allowed and provided for in the Capital Investment Manual.

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

13.2.5 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 recorded in an appropriate Trust record and reported to the Audit Committee at each meeting.

#### **Fair and Adequate Competition**

13.2.6 The Trust shall ensure that invitations to tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and in no case less than three (no less than 5 if the value is over the EU threshold) firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.

#### **Building and Engineering Construction Works**

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

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

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

### **13.3 CONTRACTING/ TENDERING PROCEDURE**

#### **Invitation to tender**

13.3.1 (i) All invitations to tender shall state the date and time as being the latest time for the receipt of tenders.

- (ii) All invitations to tender shall state that no tender will be accepted unless:

- (a) For electronic submissions – that all submissions are made to our e-procurement partner, the Yorkshire and Humber Commercial Procurement Collaborative (YHCPC).

- (b) For Paper Submissions - submitted in a plain sealed package or envelope bearing a pre-printed label supplied by the Trust (or the word "tender" followed by the subject to which it relates) and the latest date and time for the receipt of such tender addressed to the Chief Executive or nominated Manager; that tender envelopes/ packages shall not bear any names or



marks indicating the sender. The use of courier/postal services must not identify the sender on the envelope or on any receipt so required by the deliverer.

- (iii) Every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable.
- (iv) Every tender for building or engineering works (except for maintenance work, when Estmancode guidance shall be followed) shall embody or be in the terms of the current edition of one of the Joint Contracts Tribunal Standard Forms of Building Contract or Department of the Environment (GC/Wks) Standard forms of contract amended to comply with concode; or, when the content of the work is primarily engineering, the General Conditions of Contract recommended by the Institution of Mechanical and Electrical Engineers and the Association of Consulting Engineers (Form A), or (in the case of civil engineering work) the General Conditions of Contract recommended by the Institute of Civil Engineers, the Association of Consulting Engineers and the Federation of Civil Engineering Contractors. These documents shall be modified and/or amplified to accord with Department of Health guidance and, in minor respects, to cover special features of individual

#### **Receipt and safe custody of tender**

- 13.3.2 Electronic submissions – all required tender documents will be submitted electronically to the YHCPC by the date and time required by the tender invitation. The tenders will remain secure and unable to be accessed by anyone in the YHCPC electronic vault until the tender submission closing date.

Paper submissions - The Chief Executive or his nominated representative will be responsible for the receipt, endorsement and safe custody of tenders received until the time appointed for their opening. The date and time of receipt of each tender shall be endorsed on the tender envelope/package.

#### **Opening tenders**

- 13.3.3. As soon as practicable after the date and time stated as being the latest time for the receipt of tenders;

- (i) Electronic tenders – the authorised procurement officer shall access the tender vault and retrieve all tenders, the system generated record sheet showing all renderers invited and receipted will form part of the tender documentation presented for approval as confirmation that all tenders have been included in the evaluation process.
- (ii) Paper tenders -, they shall be opened by two senior officers/managers designated by the Chief Executive and not from the originating department (being the department sponsoring or commissioning the tender). A member of the Trust Board will be required to be one of the two approved persons present for the opening of tenders where this is stipulated in the delegated authority set out in the Trust's Scheme of Delegation.

The involvement of Finance Directorate staff in the preparation of a tender proposal will not preclude the Director of Finance & Performance or any approved Senior Manager from the Finance Directorate from serving as one of the two senior managers to open tenders. All Executive Directors/members will be authorised to open tenders regardless of whether they are from the originating department provided that the other authorised person opening the

tenders with them is not from the originating department. The Trust's Company Secretary will count as a Director for the purposes of opening tenders.

#### **Register of tenders and due process**

13.3.4 Every tender received shall be marked with the date of opening and initialed by those present at the opening (for electronically received tenders this will be time printed and by whom).

- (i) A register shall be maintained by the Chief Executive, or a person authorised by him, to show for each set of competitive tender invitations dispatched:
- the name of all firms individuals invited;
  - the names of firms individuals from which tenders have been received;
  - the date the tenders were opened;
  - the persons present at the opening;
  - the price shown on each tender;
  - a note where price alterations have been made on the tender.
  - Each entry to this register shall be signed by those present.
  - A note shall be made in the register if any one tender price has had so many alterations that it cannot be readily read or understood.
  - For tenders received electronically a print out of the electronic audit trail of the tender submission and retrieval shall be attached to the log.
- (ii) Incomplete tenders, i.e. those from which information necessary for the adjudication of the tender is missing, and amended tenders i.e., those amended by the tenderer upon his own initiative either orally or in writing after the due time for receipt, but prior to the opening of other tenders, should be dealt with in the same way as late tenders. (Standing Order No. 13.3.6 below).

#### **Admissibility**

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

#### **Late tenders**

- 13.3.6 (i) Tenders received after the due time and date, but prior to the opening of the other tenders, may be considered only if the Chief Executive or his nominated officer decides that there are exceptional circumstances i.e. dispatched in good time but delayed through no fault of the tenderer.

- (ii) Only in the most exceptional circumstances will a tender be considered which is received after the opening of the other tenders and only then if the tenders that have been duly opened have not left the custody of the Chief Executive or his nominated officer or if the process of evaluation and adjudication has not started.
- (iii) While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential, recorded, and held in safe custody by the Chief Executive or his nominated officer.

**Acceptance of formal tenders**

- 13.3.7
- (i) Any discussions with a tenderer which are deemed necessary to clarify technical aspects of his tender before the award of a contract will not disqualify the tender.
  - (ii) The lowest tender, if payment is to be made by the Trust, or the highest, if payment is to be received by the Trust, shall be accepted unless there are good and sufficient reasons to the contrary. Such reasons shall be set out in either the contract file, or other appropriate record.

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

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

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

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

**Tender reports to the Trust Board**

- 13.3.8 Reports to the Trust Board will be made on an exceptional circumstance basis only.

## **13.4 QUOTATIONS: Competitive and non-competitive**

### **General Position on quotations**

13.4.1 Quotations are required where formal tendering procedures are not adopted and where the intended expenditure or income exceeds, or is reasonably expected to exceed £5,000 but not exceed £25,000

### **13.4.2 Competitive Quotations**

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

### **Non-Competitive Quotations**

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

- (i) goods, are proprietary, or the contract is related to specialist services or technical equipment, there must be clear evidence of no effective or genuine competition;
- (ii) the supply of goods or manufactured articles of any kind which are required urgently and are not obtainable under existing contracts;
- (iii) disposals in line with the disposals policy;
- (iv) where the goods or services are for building and engineering maintenance the responsible works manager must certify that the first two conditions of this SFI (i.e.: (i) and (ii) of this SFI) apply.

### **Quotations to be within Financial Limits**

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

## **13.5 AUTHORISATION OF TENDERS AND COMPETITIVE QUOTATIONS**

13.5.1 Providing all the conditions and circumstances set out in these Standing Financial Instructions have been fully complied with, formal authorisation and awarding of a

contract may be decided by the following staff to the value of the contract as follows:

Designated budget holders/ Associate Directors	up to	£5,000 pa
Associate Directors, Finance Directors	up to	£10,000 pa
Director of Finance & Performance	up to	£25,000 pa
Chief Executive	up to	£100,000 pa
Chief Executive & <b>Chairman</b>	up to	£250,000 pa
Trust Board	over	£500,000 pa

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

Formal authorisation must be put in writing. In the case of authorisation by the Trust Board this shall be recorded in their minutes. **The Chairman and the Chief Executive will both sign any contract over £500,000 after approval by the Trust Board.**

#### 13.5.2 **Instances where formal competitive tendering or competitive quotation is not required**

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

- (a) the Trust shall use the NHS Logistics for procurement of all goods and services unless the Chief Executive or nominated officers deem it inappropriate. The decision to use alternative sources must be documented.
- (b) If the Trust does not use the NHS Logistics - where tenders or quotations are not required, because expenditure is below £5,000, the Trust shall procure goods and services in accordance with procurement procedures approved by the Director of Finance & Performance.

#### **Private Finance for capital procurement**

#### 13.5.3 The Trust should normally market-test for PFI (Private Finance Initiative funding) when considering a capital procurement. When the Board proposes, or is required, to use finance provided by the private sector the following should apply:

- (a) The Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.
- (b) Where the sum exceeds delegated limits, a business case must be referred to the appropriate Department of Health for approval or treated as per current guidelines.
- (c) The proposal must be specifically agreed by the Board of the Trust.
- (d) The selection of a contractor/finance company must be on the basis of competitive tendering or quotations.

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

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

- (a) The Trust's Standing Orders and Standing Financial Instructions;
- (b) EU Directives and other statutory provisions;
- (c) any relevant directions including the Capital Investment Manual, Estatecode and guidance on the Procurement and Management of Consultants;
- (d) such of the NHS Standard Contract Conditions as are applicable.
- (e) contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance.
- (f) Where appropriate contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited.
- (g) In all contracts made by the Trust, the Board 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 Trust.

#### **Personnel and Agency or Temporary Staff Contracts**

- 13.5.5 The Chief Executive shall nominate officers with delegated authority to enter into contracts of employment, regarding staff, agency staff or temporary staff service contracts.

#### **Healthcare Services Agreements**

- 13.5.6 Service agreements with NHS providers for the supply of healthcare services shall be drawn up in accordance with the NHS and Community Care Act 1990 and administered by the Trust. Service agreements are not contracts in law and therefore not enforceable by the courts. However, a contract with a Foundation Trust, being a PBC, is a legal document and is enforceable in law.

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

#### **13.6 TENDERING FOR DISPOSALS**

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

- (a) any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the Chief Executive or his nominated officer;
- (b) obsolete or condemned articles and stores, which may be disposed of in accordance with the disposals policy of the Trust;
- (c) items to be disposed of with an estimated sale value of less than £5,000, this figure to be reviewed on a periodic basis;
- (d) items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;

- (e) land or buildings concerning which DH guidance has been issued but subject to compliance with such guidance.

### **13.7 TENDERING FOR IN HOUSE SERVICES**

- 13.7.1 The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis. The Trust may also determine from time to time that in-house services should be market tested by competitive tendering.
- 13.7.2 In all cases where the Board determines that in-house services should be subject to competitive tendering the following groups shall be set up:
- (a) Specification group, comprising the Chief Executive or nominated officer(s) and specialist.
  - (b) In-house tender group, comprising a nominee of the Chief Executive and technical support.
  - (c) Evaluation team, comprising normally a specialist officer, a supplies officer and a Director of Finance & Performance representative. For services having a likely annual expenditure exceeding £ 100,000, a non-officer member should be a member of the evaluation team.
- 13.7.3 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.
- 13.7.4 The evaluation team shall make recommendations to the Board.
- 13.7.5 The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the Trust.
- 13.7.6 These Instructions shall not only apply to expenditure from Exchequer funds but also to works, services and goods purchased from the Trust's trust funds and private resources.

## **14. SPECIFIC AREAS REQUIRING INSTRUCTION**

### **14.1 CONTRACTS (including SERVICE LEVEL AGREEMENTS (SLA'S))**

- 14.1.1 The Chief Executive, as the Accountable Officer, is responsible for ensuring the Trust enters into suitable contracts with service commissioners for the provision of NHS services.
- 14.1.2 All contracts should aim to implement the agreed priorities contained within the Trust Financial Plan and wherever possible, be based upon integrated care pathways to reflect expected patient experience. In discharging this responsibility, the Chief Executive should take into account:
- the standards of service quality expected;
  - the relevant national service framework (if any);
  - the provision of reliable information on cost and volume of services;
  - the NHS National Performance Assessment Framework;

- that contracts build where appropriate on existing Joint Investment Plans;
- that contracts are based on integrated care pathways.

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

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

#### **Reports to Board on Contracts**

- 14.1.4 The Chief Executive, as the Accountable Officer, will need to ensure that regular reports are provided to the Board detailing actual and forecast income from the contract. This will include information on costing arrangements, all parties should agree a common currency for application across the range of contracts.

#### **Entering into Service Contracts**

- 14.1.5 Like any other contract for supply of service the guidance on procurement contained in Section 13 should be adhered to when entering into a contract or service level agreement. The authorisation levels at section 13.5 should be adhered to, both for the provision and receipt of services. The authorisation level should have regard for the total financial exposure that the trust has; therefore the annual costs multiplied by the contract duration should be used to establish the level of authorisation required.

### **14.2 COMMISSIONING**

[This section is not normally applicable to NHS Trusts since they are providers rather than commissioners of health services. However, in limited cases Trusts may be responsible for operational commissioning of services. In these circumstances Trusts should refer to the model SFIs on Commissioning for CCGs and adopt/amend the relevant paragraphs as appropriate].

### **14.3 FINANCIAL FRAMEWORK**

The Director of Finance & Performance should ensure that members of the Board are aware of the Financial Framework. This document contains directions which the Trust must follow. It also contains directions to the Trust Development Authority regarding resource and capital allocation and funding to Trust's. The Director of Finance & Performance should also ensure that the direction and guidance in the framework is followed by the Trust.

### **14.4 STORES AND RECEIPT OF GOODS**

#### **General position**

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



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

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

- 14.4.2 Subject to the responsibility of the Director of Finance & Performance for the systems of control, overall responsibility for the control of stores shall be delegated to an employee by the Chief Executive. The day-to-day responsibility may be delegated by him to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the Director of Finance & Performance. The control of any Pharmaceutical stocks shall be the responsibility of a designated Pharmaceutical Officer; the control of any fuel oil and coal of a designated estates manager.
- 14.4.3 The responsibility for security arrangements and the custody of keys for any stores and locations shall be clearly defined in writing by the designated manager/Pharmaceutical Officer. Wherever practicable, stocks should be marked as health service property.
- 14.4.4 The Director of Finance & Performance shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.
- 14.4.5 Stocktaking arrangements shall be agreed with the Director of Finance & Performance and there shall be a physical check covering all items in store at least once a year.
- 14.4.6 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Director of Finance & Performance.
- 14.4.7 The designated Manager/Pharmaceutical Officer shall be responsible for a system approved by the Director of Finance & Performance for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Director of Finance & Performance any evidence of significant overstocking and of any negligence or malpractice (see also overlap with SFI No. 14.5 Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

#### **Goods supplied by NHS Logistics**

- 14.4.8 For goods supplied via the NHS Logistics 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 Director of Finance & Performance who shall satisfy himself that the goods have been received before accepting the recharge.

### **14.5 DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS**

#### **Disposals and Condemnations**

##### **14.5.1 Procedures**

The Director of Finance & Performance must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers.

- 14.5.2 When it is decided to dispose of a Trust asset, the Head of Department or authorised deputy will determine and advise the Director of Finance & Performance of the estimated market value of the item, taking account of professional advice where appropriate.
- 14.5.3 All unserviceable articles shall be:
- (a) condemned or otherwise disposed of by an employee authorised for that purpose by the Director of Finance & Performance;
  - (b) recorded by the Condemning Officer in a form approved by the Director of Finance & Performance 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 Director of Finance & Performance.
- 14.5.4 The Condemning Officer shall satisfy himself as to whether or not there is evidence of negligence in use and shall report any such evidence to the Director of Finance & Performance who will take the appropriate action.

#### **Losses and Special Payments**

##### **Procedures**

- 14.5.5 The Director of Finance & Performance must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments.
- 14.5.6 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately inform the Chief Executive and the Director of Finance & Performance or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Director of Finance & Performance and/or Chief Executive. Where a criminal offence is suspected, the Director of Finance & Performance must immediately inform the police if theft or arson is involved. In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the Director of Finance & Performance must inform the relevant LCFS and CFSMS regional team in accordance with Secretary of State for Health's Directions.
- The Director of Finance & Performance must notify the Counter Fraud and Security Management Services (CFSMS) and the External Auditor of all frauds.
- 14.5.7 Where the loss exceeds £1,000 a 'Losses and Special Payments Checklist' must be completed in full and returned, with the Losses report/claim, to the Director of Finance & Performance.
- 14.5.8 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Director of Finance & Performance must immediately notify:
- (a) the Board,
  - (b) the External Auditor.
- 14.5.9 Within limits delegated to it by the Department of Health, the Board shall approve the writing-off of losses.

- 14.5.10 The Director of Finance & Performance shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.
- 14.5.11 For any loss, the Director of Finance & Performance should consider whether any insurance claim can be made.
- 14.5.12 The Director of Finance & Performance shall maintain a Losses and Special Payments Register in which write-off action is recorded.
- 14.5.13 No special payments exceeding delegated limits shall be made without the prior approval of the Department of Health.
- 14.5.14 All losses and special payments must be reported to the Audit Committee at every meeting.

## **14.6 INFORMATION TECHNOLOGY**

### **Responsibilities and duties of the Director of Finance & Performance**

- 14.6.1 The Director of Finance & Performance, who is responsible for the accuracy and security of the computerised financial data of the Trust, shall:
- (a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Trust's data, programs and computer hardware for which the Director is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998;
  - (b) ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;
  - (c) ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
  - (d) ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as the Director may consider necessary are being carried out.
- 14.6.2 The Director of Finance & Performance shall need to ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation.
- 14.6.3 The Director of Corporate Affairs shall publish and maintain a Freedom of Information (FOI) Publication Scheme, or adopt a model Publication Scheme approved by the information Commissioner. A Publication Scheme is a complete guide to the information routinely published by a public authority. It describes the classes or types of information about our Trust that we make publicly available.

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

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

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

#### **Contracts for Computer Services with other health bodies or outside agencies**

- 14.6.5 The Director of Finance & Performance shall ensure that contracts for computer services for financial applications with another health organisation or any other agency shall clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes.
- 14.6.6 Where another health organisation or any other agency provides a computer service for financial applications, the Director of Finance & Performance shall periodically seek assurances that adequate controls are in operation.

#### **Risk Assessment**

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

#### **Requirements for Computer Systems which have an impact on corporate financial systems**

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

### **14.7 PATIENTS' PROPERTY**

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

- 14.7.2 The Chief Executive is responsible for ensuring that patients or their guardians, as appropriate, are informed by:

- notices and information booklets; (**notices are subject to sensitivity guidance**)
- the oral advice of ambulance staff,

that the Trust will not accept responsibility or liability for patients' property.

- 14.7.3 The Director of Finance & Performance must provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients'

property 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.

- 14.7.4 Where Department of Health instructions require the opening of separate accounts for patients' moneys, these shall be opened and operated under arrangements agreed by the Director of Finance & Performance.
- 14.7.5 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.
- 14.7.6 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.
- 14.7.7 Where patients' property or income is received for specific purposes and held for safekeeping the property or income shall be used only for that purpose, unless any variation is approved by the donor or patient in writing.

#### **14.8 FUNDS HELD ON TRUST**

##### **Corporate Trustee**

- (1) Section A outlines the Trust's responsibilities as a corporate trustee for the management of funds it holds on trust, along with SFI 4.6.5 that defines the need for compliance with Charities Commission latest guidance and best practice.
- (2) The discharge of the Trust's corporate trustee responsibilities are distinct from its responsibilities for exchequer funds and may not necessarily be discharged in the same manner, but there must still be adherence to the overriding general principles of financial regularity, prudence and propriety. Trustee responsibilities cover both charitable and non-charitable purposes.

The Director of Finance & Performance shall ensure that each trust fund which the Trust is responsible for managing is managed appropriately with regard to its purpose and to its requirements.

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

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

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

- (1) In so far as it is possible to do so, most of the sections of these Standing Financial Instructions will apply to the management of funds held on trust.

- (2) The over-riding principle is that the integrity of each Trust must be maintained and statutory and Trust obligations met. Materiality must be assessed separately from Exchequer activities and funds.

#### **14.9 ACCEPTANCE OF GIFTS BY STAFF**

The Director of Finance & Performance shall ensure that all staff is made aware of the Trust policy on acceptance of gifts and other benefits in kind by staff. This policy follows the guidance contained in the Department of Health circular HSG (93) 5 'Standards of Business Conduct for NHS Staff' and is also deemed to be an integral part of these Standing Orders and Standing Financial Instructions (see overlap with SO 5.6).

#### **14.10 RETENTION OF RECORDS**

The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with Department of Health guidelines.

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

Records held in accordance with latest Department of Health guidance shall only be destroyed at the express instigation of the Chief Executive. Detail shall be maintained of records so destroyed.

#### **14.11 RISK MANAGEMENT AND INSURANCE**

##### **Programme of Risk Management**

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

The programme of risk management shall include:

- a) a process for identifying and quantifying risks and potential liabilities;
  - b) engendering among all levels of staff a positive attitude towards the control of risk;
  - c) management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control, cost effective insurance cover, and decisions on the acceptable level of retained risk;
  - d) risk treatment plans to offset the impact of adverse events;
  - e) audit arrangements including; Internal Audit, clinical audit, health and safety review;
  - f) a clear indication of which risks shall be insured;
  - g) arrangements to review the Risk Management and Assurance programme.
- 14.11.2 The existence, integration and evaluation of the above elements will assist in providing a basis to make a Statement on the effectiveness of Internal Control as part of the Annual Assurance Statement and within the Annual Report and Accounts as required by current Department of Health guidance.

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

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

As a Foundation Trust, all insurance arrangements will be reviewed and presented to the Board annually.

#### **Insurance arrangements with commercial insurers**

14.11.4 Insurance arrangements with commercial insurers generally cover the following three categories:

- (1) Trust's may enter commercial arrangements for **insuring motor vehicles** owned by the Trust including insuring third party liability arising from their use;
- (2) where the Trust is involved with a consortium in a **Private Finance Initiative contract** and the other consortium members require that commercial insurance arrangements are entered into; and
- (3) where **income generation activities** take place. Income generation activities should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by the Trust for a NHS purpose the activity may be covered in the risk pool. Confirmation of coverage in the risk pool must be obtained from the Litigation Authority. In any case of doubt concerning a Trust's powers to enter into commercial insurance arrangements the Finance Director should consult the Department of Health.

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

- (1) Where the Board decides to use the risk pooling schemes administered by the NHS Litigation Authority the Director of Finance & Performance shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Director of Finance & Performance shall ensure that documented procedures cover these arrangements.
- (2) Where the Board decides not to use the risk pooling schemes administered by the NHS Litigation Authority for one or other of the risks covered by the schemes, the Director of Finance & Performance shall ensure that the Board is informed of the nature and extent of the risks that are self-insured as a result of this decision. The Director of Finance & Performance will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses which will not be reimbursed.
- (3) All the risk pooling schemes require Scheme members to make some contribution to the settlement of claims (the 'deductible'). The Director of Finance & Performance should ensure documented procedures also cover the management of claims and payments below the deductible in each case.